Annual Report on Contractor Work Force Restructuring

U.S. Department of Energy

Fiscal Year 1997

March 1998

The Secretary of Energy
Washington, DC 20585

March 20, 1998

Section 3161 (e)(2) of the National Defense Authorization Act for FY 1993 directs the Secretary of Energy to provide annual updates of approved work force restructuring plans that evaluate the implementation of the plan during the year preceding the report.

In order to better facilitate overall evaluation of work force restructuring and community transition activities, the Department has prepared this **Annual Report: Contractor Work Force Restructuring in the U.S. Department of Energy: Fiscal Year 1997**. The report reviews the implementation of work force restructuring plans during Fiscal Year 1997. A total 7,000 contractor employees were separated under these plans.

The Department successfully met the objective of section 3161 to minimize layoffs. Of the total number of permanent prime contractor team employees separated, 56 percent left voluntarily. In achieving these results, 551 employees accepted early retirement offers, 1,725 employees accepted non-retirement voluntary separations and 1,639 positions were eliminated through attrition, bringing the total voluntary separations to 3,915. There were 3,085 prime contractor employees involuntarily separated.

The cost of implementing these plans was \$119 million, with an average cost of \$16,800 per separation. *The estimated recurring savings resulting from these separations over the next several years will be \$479 million per year.* Since 1993, work force restructuring has resulted in annual recurring savings of \$2.8 billion.

To date, 11 communities have begun community transition planning, and many have implemented programs and projects. These activities have retained, expanded, or created over 11,400 jobs. An additional 17,900 jobs are projected to be retained or created over the next few years as the result of these efforts. To date, the program has retained or created one job for each \$10,400 of funding provided, a figure that compares favorably with other economic development activities.

If you have any questions regarding this update, or any other aspects of our Worker and Community Transition Program, please contact Mr. Robert W. DeGrasse, Jr., Director of the Office of Worker and Community Transition, at (202) 586-7550.

A handwritten signature in dark ink, which appears to read "Federico Peña", is positioned above the printed name.

Federico Peña

ANNUAL REPORT ON CONTRACTOR WORK FORCE RESTRUCTURING

FISCAL YEAR 1997

Office of Worker and Community Transition
U.S. Department of Energy
March 1998

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ANNUAL REPORT

OVERVIEW AND SUMMARY

The Office of Worker and Community Transition (the Office) was established by the Secretary of Energy on September 15, 1994. The Office succeeded a task force established by the Secretary in April 1993 to coordinate worker and community assistance for the Department of Energy (the Department) complex. One of the key responsibilities of the Office has been the implementation of section 3161 of the National Defense Authorization Act for Fiscal Year 1993. This legislation requires the Secretary of Energy to develop work force restructuring plans that address certain objectives for Department of Energy defense nuclear facilities whenever work force changes are necessary. Based on Secretarial direction, work force restructuring objectives are considered for reductions that exceed a threshold of 100 workers at any site, in a single year, including sites not specifically covered by section 3161.

This report responds to the requirement of section 3161 to report to Congress annually on the results of work force restructuring. It covers activities in Fiscal Year (FY) 1997 and serves to update Congress and the public on the outcomes of work force restructuring and community transition.

This report also fulfills the requirements of section 3157 of the National Defense Authorization Act for Fiscal Year 1995 and section 3153 of the National Defense Authorization Act for Fiscal Year 1998. Section 3157 requires an annual report to Congress on Economic Redevelopment and Conversion Activities Resulting from Reconfiguration of Department of Energy Nuclear Weapons Complex. Section 3153 requires a semi-annual report on local impact assistance provided by the Department to communities.

FY 1997 marks the fifth successive year of significant work force restructuring at Department facilities. These work force restructuring activities have resulted in ***yearly savings of over \$2.8 billion to the United States Government*** through the orderly separation of more than 43,000 employees. Economic assistance to communities affected by this dramatic reduction in the Department's contractor employment has resulted in the creation of over 11,400 private sector jobs at a cost of less than \$10,400 per job created — which compares favorably with the Department of Defense and other economic development initiatives.

The overall objective of work force restructuring is to ensure that the Department meets its mission requirements, while minimizing the social and economic impacts of restructuring on both workers and communities surrounding these sites. The Office cooperates with (1) appropriate field organizations to prepare work force restructuring plans that provide reasonable assistance to affected workers and (2) affected communities to develop community transition plans that address the potential economic impacts of restructuring.

In an effort to widely disseminate information about the Department's restructuring policies, the Office prepares a bi-monthly program update; holds national workshops for stakeholders; established and maintains a home page on the Internet; and publishes guidance for work force restructuring and community transition. These activities allow the Department to monitor and respond to stakeholder input. In addition, the Office helps resolve labor issues related to restructuring.

Major Accomplishments

- ***Reductions in the Contractor Work Force.*** From a peak of 148,700 prime contract employees at the end of FY 1992, the Department's contractors separated about 43,000 employees through the end of FY 1997.
- ***Voluntary Separations.*** Of the 43,000 separations since FY 1993, 74 percent were voluntary, including early retirement, non-retirement voluntary separations, and managed attrition.
- ***Costs of Reductions.*** The total estimated cost through the end of FY 1997 for separating these 43,000 employees was \$787 million, or approximately \$18,000 per employee. This compares favorably with U.S. Department of Defense and private industry benchmarks and is below the upper range of \$25,000 in benefits contained in the Department's Interim Planning Guidance for Contractor Work Force Restructuring.
- ***Cost Effectiveness.*** The average annual compensation cost of employing a full-time prime contractor employee is estimated at \$67,500. Given these estimates, the Department can reasonably expect to achieve ***annual savings*** of approximately \$2.8 billion per year as a result of the 43,000 reductions made since FY 1992.
- ***Work Force Planning.*** Contractors at defense nuclear sites are now utilizing a standard work force planning process. Prior to implementing work force restructuring, a work force analysis is conducted and reviewed by the Department. The analysis identifies necessary changes in different job classifications, and facilitates opportunities for reassignment or retraining that can better match positions and employees with required skills.
- ***Program Assessment.*** The U.S. General Accounting Office conducted an assessment of the work force restructuring of Department of Energy contractor employees. Their report concluded that through improved guidance and emphasis on work force planning, the Department has taken steps to improve its ability to conduct restructuring while meeting critical skills needs at its facilities.

Office of Worker and Community Transition

- **Community Transition.** Each community adjacent to a site undergoing work force restructuring is eligible to form a Community Reuse Organization (CRO) and apply for funding to plan and implement programs and projects that mitigate the social and economic impacts of restructuring. To date, 11 communities have planning underway, and most of these communities have implemented programs and projects. These activities have retained, expanded or created over 11,400 jobs. The average cost per job created at the communities surrounding these sites was \$10,400.
- **Transition Guidance.** The Office published *Policy and Planning Guidance for Community Transition Activities* in the *Federal Register* on February 7, 1997. This document provides guidance for planning and implementing community projects and programs that mitigate the impacts of work force restructuring. It also establishes performance measures, including financial measures, to enable the Office and appropriate field organizations to evaluate the performance of activities carried out under Community Transition Plans.
- **Labor Relations.** The Office has helped resolve a number of labor relations issues at various Department sites as they pertain to privatization and outsourcing activities, such as at Mound, Oak Ridge and Hanford. The Office has been increasingly involved in providing policy guidance and briefings to Headquarters and Field Office management on issues arising from these new initiatives and in working with representatives from organized labor to assist in the development of such policies. The Office continues to respond to questions about appropriate labor standards coverage, an issue raised by both operating and construction unions.
- **Public Participation.** Over the last four years the Department has held five National Stakeholders Workshops in Denver, Atlanta, Albuquerque, Oakland, and Washington, D.C. The Office also has held workshops, conferences, and working sessions that address specific topics such as work force restructuring, community transition, labor relations and work force planning. *Program Updates*, a periodic report about Office and field activities, is issued every two months. In addition, the Office established an Internet website at <http://www.wct.doe.gov> which includes information about the Office, including Transitions, a website that provides information about Department of Energy sites experiencing downsizing, their local communities, and the work force in those communities; and the Computers for Learning website that allows schools and nonprofit educational organizations to register to receive surplus Federal computer equipment.

Organization of This Report

The Report is organized into three sections. Section I summarizes work force restructuring and community transition activities at all sites. It outlines work force restructuring activity for FY 1997, changing separation patterns, cost savings and separation costs, program assessment, activities to mitigate restructuring impacts, community transition activities, status of displaced workers, lessons learned, and emerging issues in worker and community transition. Section II summarizes work force restructuring and community transition activities for defense nuclear sites. Section III summarizes work force restructuring activities at non-defense sites.

Each site summary in Section II is printed as a separate sub-section to facilitate individual reprinting. At the start of each site sub-section, an exhibit summarizes the work force restructuring analysis that follows. Where applicable, the results of the 1996 displaced worker survey are included.

Appendices with supporting information follow Section III.

SECTION I: SUMMARY OF WORK FORCE RESTRUCTURING

I.0 Background

Following World War II, the onset of the Cold War between the United States and the former Soviet Union led to the buildup of an elaborate network of research, production, and testing facilities known as the nuclear weapons complex. During its half century of operations, this network expanded to 20 major facilities covering 2.3 million acres of land with 120 million square feet of buildings. To meet nuclear weapons production requirements and other national security obligations, the Department and its predecessor agencies assembled an extensive contractor work force. The breakup of the Soviet Union in 1991, together with President Bush's announcement of the first unilateral nuclear weapons reduction agreement on September 27 of that year, signaled the end of the Cold War and dramatically reduced the need for further nuclear weapons production.

The end of the Cold War also brought about fundamental changes in contractor work force requirements as the Department shifted from weapons production to other missions such as environmental management, weapons dismantlement, industrial competitiveness, and science and technology research. Between 1988 and the end of 1992, the Department's contractor work force expanded by nearly 22,000 employees to 148,700 contract workers. These employees were hired in addition to the existing weapons production work force. In 1993, faced with significant budget reductions and overstaffing problems, the Department began to restructure its work force.

During President Bush's Administration, Secretary of Energy James Watkins issued Department of Energy Order 3309.1A¹ establishing objectives to ensure fairness while reducing the contractor work force, including programs to minimize layoffs. In passing section 3161 of the National Defense Authorization Act for Fiscal Year 1993,² the Congress directed an explicit planning process for work force changes at defense nuclear facilities involving affected stakeholders, and directed that these plans should be guided by certain objectives to mitigate the impacts on workers and communities, especially those whose service had helped maintain our nuclear deterrent force during the Cold War.

Section 3161 requires the Secretary of Energy to develop a plan for restructuring the work force for a defense nuclear facility whenever there is a determination that a change in the work force is necessary. Section 3161 also identifies objectives that each plan should address, including: minimizing social and economic impacts; giving workers adequate notice of impending changes; minimizing involuntary separations; offering preference-in-hiring to the extent practicable to

¹ This Order has been incorporated into Department of Energy Order 350.1, Chapter 3.

² Public Law 102-484

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those employees involuntarily separated; providing relocation assistance under certain conditions; providing retraining, educational and outplacement assistance; and providing local impact assistance to affected communities.

To address the challenges posed by changing missions, and consistent with departmental policy to apply the work force restructuring process at all sites undergoing significant work force changes, the Secretary of Energy established a Task Force on Worker and Community Transition on April 21, 1993. The primary function of the Task Force was to coordinate adjustment assistance consistent with section 3161. The Task Force was subsequently replaced by the Office on September 15, 1994. The Office was assigned the responsibility for reviewing and evaluating work force restructuring plans from all sites and overseeing the implementation of work force restructuring consistent with these plans and Departmental policy and guidance. In cooperation with affected field organizations, the Office has emphasized retention of workers with skills critical to ongoing or changing site missions, and has integrated separation incentives with this objective.

Work force restructuring at Department facilities has resulted from (1) a transition to a fundamentally new mission at former defense nuclear production facilities, (2) dramatic changes in funding levels for environmental management activities, and (3) improved efficiency in the way the Department's contractors conduct their assignments.

Since 1993, the Office has issued three versions of general guidance to field organizations tasked with drafting work force restructuring plans. This guidance addresses the need for plans to meet the objectives of section 3161 and offers guidelines for preparing and structuring these plans. A copy of the current guidance is included in this report as Appendix A. The Office is in the process of establishing a streamlined planning and approval process for work force restructuring activities to be implemented in FY 1998.

Office of Worker and Community Transition

I.1 Fiscal Year 1997 Work Force Restructuring Activity

Separations - Fiscal Year 1997. There were 7,000 prime contractor workers separated from the Department in FY 1997 (Exhibit I.1), a 40 percent decrease in separations from FY 1996.

SITE: Defense and Non-Defense Sites (Total)		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	3,915	\$72,519,929	\$18,524
1.1	Early Retirement	551	\$25,971,773	\$47,136
1.2	Non-Retirement Voluntary Separations (Severance Only)	1,725	\$46,548,156	\$26,984
1.3	Net Positions Reduced Through Attrition	1,639	\$0	\$0
2.0	Involuntary Separations (Severance Only)	3,085	\$30,796,239	\$9,983
2.1	With Benefits	2,669	\$30,796,239	\$11,538
2.1.1	Non-construction workers	2,533	\$30,436,476	\$12,016
2.1.2	Construction workers	136	\$359,763	\$2,645
2.2	Without Benefits	416	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	7,000	\$103,316,168	\$14,759
3.0	Remaining Affected Workers		\$13,000	
3.1	Workers Placed without Retraining	1,388	\$0	\$0
3.2	Workers Internally Placed through Retraining	10	\$13,000	\$1,300
3.3	Transfers to Other Sites	14	\$0	\$0
4.0	Other Benefits Provided		\$15,721,679	
4.1	Displaced Worker Medical Benefits	2,710	\$6,594,605	\$2,433
4.2	Relocation Assistance	81	\$182,452	\$2,252
4.3	Separating or Separated Workers Using Outplacement	5,530	\$3,597,712	\$651
4.4	Education Assistance for Separated Workers	2,288	\$5,346,910	\$2,337
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$119,050,847	n/a
6.0	NET POSITIONS REDUCED (Average Costs) (1)	7,000	n/a	\$16,799
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) (1)	1,725	n/a	\$30,233
8.0	INVOLUNTARY SEPARATIONS (All Benefits) (1)	2,669	n/a	\$14,787
9.0	Other Separations (2)	386	\$507,772	\$1,315
9.1	Voluntarily Separated	386	\$507,772	\$1,315
9.2	Involuntarily Separated	0	\$0	

FOR ALL SITES

Note 1. See Historical Average Costs of Other Benefits for explanation of costs per recipients.

Note 2. May be underreported due to variations in tracking subcontractor employment at different sites.

Exhibit I.1 Work Force Restructuring Summary for All Sites (Defense and Non-Defense)

While over half of the separations were voluntary (56%), the percentage of involuntary separations has increased to 44 percent of all separations (Exhibit I.2).

Exhibit I.2 Prime Contractor Separations for FY 1997 (Defense and Non-Defense)

Cost and Cost Savings - Fiscal Year 1997. The total cost incurred during FY 1997 was \$119 million, and the estimated fully-burdened cost per separation was \$16,800 (Exhibit I.1).³ Severance costs for early retirement averaged \$47,100 per recipient. Non-retirement voluntary separations averaged \$27,000 for severance, and \$30,200 when other benefits are included. The average severance cost for involuntary separations was \$11,500, with a fully-burdened cost of \$14,800 with benefits.

³

A fully-burdened cost per involuntary or involuntary separation is calculated by taking the average severance/incentive cost and adding a per capita historical average cost for other benefits of \$3,249. The fully-burdened cost for all separations uses a prorated historical average based on the ratio of separated workers eligible for benefits.

Office of Worker and Community Transition

The annual cost savings associated with the separations for FY 1997 is \$479 million versus a one-time cost of \$119 million (Exhibit I.3).⁴

Exhibit I.3 Annual Cost and Savings for FY 1997
(Defense and Non-Defense)

I.2 Changing Separation Patterns

Fiscal Year 1992-Fiscal Year 1997. The Department-wide prime contractor work force has decreased by 43,000 employees since the FY 1992 peak of 148,700. Work force restructuring plans coupled with mission changes, contract reforms, and budget cuts helped reduce the number of employees to 105,297 by the end of FY 1997 (Exhibit I.4). This reduction in contractor employment of 29 percent since FY 1992 has been accomplished consistent with the objectives of section 3161.

⁴ Total annual employee compensation averaged \$67,500 for salary and benefits based on data compiled by the Department's Office of Procurement Assistance.

Exhibit I.4 Prime Contractor Employment: Fiscal Years 1988-1997

The Office has compiled prime contractor employment figures at defense nuclear sites for the end of FY 1997 (Exhibit I.5). These employment figures were developed in close consultation and with the concurrence of the relevant field organizations. In order to present an accurate picture of overall contractor employment trends, they include all employees who are involved in the scope of work that has historically been performed by management and operations contractors, even if the contracting mechanism under which they are employed has changed through approaches such as outsourcing, privatization, and enterprise companies.

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SITE	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Richland	11,449	11,683	12,730	14,127	15,107	16,062	16,952	13,757	12,099	11,137
Idaho	5,773	6,510	7,548	7,988	7,901	7,810	7,524	6,084	5,739	5,868
Livermore	8,007	8,042	8,042	8,158	7,981	8,014	7,321	7,372	6,688	6,403
Nevada	8,035	7,996	7,713	7,390	6,670	5,548	5,068	3,940	2,765	2,345
Sandia	8,372	8,432	8,705	8,804	8,473	8,477	8,458	8,527	8,057	7,576
Los Alamos	7,442	7,667	7,402	6,992	7,203	7,293	7,024	6,708	6,439	6,687
WIPP	375	506	603	714	775	799	735	640	636	636
Rocky Flats	5,275	5,312	6,415	7,521	7,302	7,505	6,698	4,418	3,535	3,410
Kansas City	6,946	6,829	6,414	5,497	4,489	4,170	3,289	3,563	3,661	3,679
Pantex	2,627	2,573	2,390	2,492	2,673	3,020	3,230	3,348	3,327	2,920
Mound	2,219	2,150	2,149	2,150	1,741	1,713	1,337	1,122	924	740
Fernald	1,509	1,122	1,128	1,203	1,489	2,412	2,385	2,203	1,986	1,989
Savannah River	10,629	16,403	17,663	20,185	20,979	19,788	18,922	15,430	14,379	13,231
Oak Ridge	15,651	15,965	15,934	17,200	17,257	17,437	17,215	16,580	15,815	14,046
Pinellas	1,710	1,698	1,667	1,618	1,569	1,100	1,007	669	538	5
SUBTOTAL	96,019	102,888	106,503	112,039	111,609	111,148	107,165	94,361	86,588	80,865
Other Sites	31,012	29,277	34,086	33,574	37,077	30,436	28,932	27,500	25,401	24,432
GRAND TOTAL	127,031	132,165	140,589	145,613	148,686	141,584	136,097	121,861	111,989	105,297

Exhibit I.5 Department of Energy Management and Operating Contractor Team Employment at Selected Sites

Since FY 1993, voluntary separations, including early retirement, and non-retirement voluntary separations, have accounted for 74 percent of all separations. The remaining 26 percent have been involuntary (Exhibit I.6).

Fiscal Year 1993-Fiscal Year 1994. In FY 1993, as the Department began work force restructuring, voluntary separations were the preferred method of prime contractor reductions. During FY 1993/1994, voluntary separations accounted for 82 percent of the total separations. Nearly two-thirds of all voluntary separations occurred through non-retirement incentives, followed by early retirement and attrition. Involuntary separations comprised the remaining 18 percent of separations. Work force restructuring from the Department's defense nuclear sites in FY 1993/1994 totaled approximately 5,800 separations, while total positions reduced were 4,400 after considering new hires. See *U.S. Department of Energy Report on Work Force Restructuring Plans During FY 1993 and 1994, February 1996*, for further information.

Exhibit I.6 Prime Contractor Separations for FY 1993 through FY 1997

Fiscal Year 1995. Nearly 18,800 prime contractor workers were separated from the Department in FY 1995. Even though the number of separations tripled, the percentage of voluntary and involuntary separations in FY 1995 remained consistent with FY 1993/1994 activity. Voluntary separations dominated FY 1995 figures, representing 80 percent of the total separations. The remaining 20 percent were involuntary. Within the cohort of voluntary separations, the percentages of early retirements and other incentivized separations declined while attrition expanded. After considering new hires, there were 14,200 total positions reduced in FY 1995. See *U.S. Department of Energy Annual Report on Contractor Work Force Restructuring, Fiscal Years 1995 and 1996, January 1997*, for further information.

Fiscal Year 1996. More than 11,700 prime contractor workers were separated from the Department in FY 1996, a 37 percent reduction from FY 1995. Voluntary separations still outnumbered involuntary ones, representing 71 percent of all separations. Involuntary separations expanded to 29 percent. After considering new hires, there were 9,900 total positions reduced in FY 1996. See *U.S. Department of Energy Annual Report on Contractor Work Force Restructuring, Fiscal Years 1995 and 1996, January 1997*, for further information.

Trend Analysis. Comparisons of work force restructuring activities from FY 1992 through FY 1997 show a trend toward fewer incentivized separations (Exhibit I.7). Early retirement has steadily decreased through the years, as the number of older, eligible individuals in the work

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force has decreased. The percentage of non-retirement voluntary separations has also decreased consistently from FY 1993-1994 through FY 1997. In FY 1997, enhanced severance arrangements account for about one-third of all separations. This trend follows the private sector practice of limiting opportunities for voluntary separations in repeated instances of work force reductions. In FY 1995 and FY 1996, there was a trend towards separations through managed attrition; however in FY 1997, the percentage of separations through attrition decreased due to the hiring necessary to ensure critical skills were maintained at the sites. Involuntary separations have steadily increased from 18 percent in FY 1993/1994, to 44 percent in FY 1997.

Type of Separation	FY 93/94	FY 95	FY 96	FY 97
Early Retirement	30%	15%	9%	8%
Non-Retirement Voluntary Separation	43%	34%	26%	25%
Managed Attrition	9%	31%	36%	23%
Sub-Total Voluntary Separations	82%	80%	71%	56%
Involuntary Separations	18%	20%	29%	44%

Exhibit I.7 Changing Separation Patterns

Major single action work force restructuring activities due to budget constraints are occurring less frequently than in prior years. Incremental work force changes made as part of ongoing business decisions are becoming more common. These changes often relate to efficiency of operation, including changes in contracting mechanisms.

I.3 Cost Savings and Separation Costs⁵

The purpose of work force restructuring is to increase the cost-effectiveness and efficiency of Department-wide site operations by matching skilled employees with mission requirements. To achieve this result, prime contractors must separate or retrain workers whose skills no longer match mission needs. Sites employ a variety of means to minimize the economic and social impacts of voluntary and involuntary separations. These include enhanced severance for non-retirement voluntary separations, early retirement incentives, tuition assistance, medical benefit extensions, and outplacement services. The costs associated with these benefits are offset by savings realized from restructuring the work force.

Annual Cost Savings. The overall costs for the 43,000 separations between FY 1993 and 1997 has been approximately \$787 million, or an average of \$18,000 per reduction. Based on assumptions of total annual compensation cost for each employee, the potential annual cost savings totals \$2.8 billion per year as a result of the 43,000 reductions. The annual cost savings is more than three times the initial one-time cost of separations. Work force reductions also allow line programs to more efficiently use available resources to meet mission requirements.

The annual cost savings associated with the separations for the periods FY 1993 and 1994 through FY 1997 are illustrated in Exhibit I.8.⁶ Total cost savings in the year that separations occur depend on the timing of the action and ability of the contractor to eliminate overhead costs associated by separating employees. Cost savings are also reduced by the one-time costs of separation. In future years, however, the Department will save, on average, the total cost of compensation plus the overhead costs associated with a separated employee. Legal challenges to contractor reductions have also been minimal compared to private sector experience.

Comparison of Benefits at Defense and Non-Defense Sites. Work force restructuring at sites not covered by section 3161 is conducted in a manner consistent with longstanding Departmental policy and Secretarial guidance to apply the objectives of the legislation wherever work force restructuring occurs. Best business practices are used as a benchmark in developing restructuring strategies at these sites.

⁵ Costs for early retirement are actuarial costs which include all costs associated with retirement payments to separated workers; costs for other incentivized voluntary separations include normal severance costs plus enhanced severance, but do not include normal salaries paid during any period after notice of separation. Separation costs do not include unemployment compensation, either for payments directly to employees or additional unemployment compensation taxes assessed against the employer.

⁶ Total annual employee compensation averaged \$67,500 for salary and benefits based on data compiled by the Department's Office of Procurement Assistance.

Exhibit I.8 Annual Cost and Savings for FY 1993 through FY 1997 Separations

During FY 1997, non-defense sites reduced a total of 765 positions. Only 168, or approximately 22 percent, of these separations were involuntary, a significantly smaller portion than the 47 percent involuntary separations experienced at defense sites. In part this reflects a greater ability to manage work force changes through managing attrition, given the smaller size of these reductions. However, 42 percent of the reductions at non-defense sites involved incentivized voluntary separations, compared to only 31 percent at defense sites.

Overall costs for separations at non-defense sites (\$14,600) were only slightly less than at defense sites (\$17,100). Lower cost non-retirement incentive programs at non-defense sites were offset by a greater percentage of early retirement separations at these sites. While section 3161 provides a structured and open process for work force restructuring, the strategies undertaken to implement the legislation are not fundamentally different from what occurs where the legislation does not apply, either in the public or private sectors.

External Benchmarking of Costs. Work force reductions inevitably involve initial costs in order to achieve long-term savings. The vast majority of large companies in the United States provide severance payments to workers who are involuntarily separated. Many also provide

medical benefits, assistance in finding a new job, counseling, and/or training for affected employees. These benefits are often part of an employment contract (implied or written) or a collective bargaining agreement.

Work force restructuring, particularly when it involves large numbers of employees, is subject to complex legal considerations including questions of discrimination based on age, sex, race or other factors and collective bargaining agreements. Restructuring activities are susceptible to challenge, with attendant costs. When reductions-in-force are governed by strict seniority rules, an employer's ability to retain particular employees with critical skills can also be limited. Further, worker insecurity about their treatment in the event of additional work force changes often severely decreases the productivity of the remaining workers.

These factors have encouraged private companies to undertake work force restructuring strategies involving enhanced benefits — strategies that are adopted after cost-benefit calculations have been developed. Evidence of this trend is contained in a March 1995 report issued by the General Accounting Office surveying 25 major companies, including firms with considerable Federal contracting such as General Motors, General Electric, Grumman, and Honeywell. The General Accounting Office found that 72 percent of these companies "provided various incentives to encourage employees to voluntarily leave." For defense contractors, such as Grumman or Honeywell, the Department of Defense negotiated with the company to determine the allowability of enhanced separation costs.

A survey conducted by Actuarial Services Associates, Inc. (ASA)⁷ of downsizing practices of 60 major companies in the mid-1990s "confirm that it is common for employers that wish to downsize first to offer either an exit incentive retirement or resignation program (or sometimes both sequentially), and then to utilize layoffs to the extent downsizing is still needed. This, indeed is *the* classic exit incentive strategy and it is probably motivated more by the desire to be humane and to preserve employee morale." ASA found that many of these firms would encourage early retirement by allowing an employee to add up to five years in age and service for purposes of calculating pension benefits — since 1993, the Department has not allowed any contractor to enhance retirement calculations by more than three years of age and service.

Based on a review of this information, the benefits, *both in kind and amount*, typically offered by the Department's contractors to separated employees are consistent with those offered across industries in the private-sector. For example, the most common form of enhanced severance payment across the Department has been "lump sum" payments, typically based on one and one-half to two week's pay for each year of service which is a practice consistent with the private-

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Survey summarized in *Downsizing: Law and Practice*, Ethan Lipsig (1996). The Actuarial Sciences Associates survey studied the downsizing of approximately 60 entities, both public- and private-sector.

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sector. The Department also meets private-sector norms on many of the other benefits provided to displaced workers, including medical benefits, relocation, tuition assistance and outplacement. In addition, the Department's overall goal of approximately \$25,000 per separation is consistent with the Federal buy-out packages approved by Congress.

Exhibit I.9 on the next page presents selected findings of recent studies performed by nationally recognized experts on work force restructuring issues, and highlights related Department activities.

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Issue	Surveys ⁸		
	LHH	GAO	DOE Contractors
Restructuring Strategy	**	Redeployment and retraining first, then monetary incentives to encourage resignation or retirement	Retraining, redeployment, early retirement and voluntary separations offered in most initial restructurings
Severance Policy	Over 80 percent have a severance policy	**	Most prime contractors have severance policy
Severance Form	Lump sum cash payments most common	Lump sum cash payments most common	Lump sum cash payments most common
Severance Basis	Over 80 percent with a severance policy, based on years of service	Based on years of service typically	Over 90 percent have severance based on years of service
Severance Amount	One week of pay per year of service most common	One or two weeks of pay per year of service	Over 80 percent one week per year of service
Severance Enhancement	Over 40 percent enhance severance, usually as a result of downsizing	Many offered enhancements more generous than Federal 'buyout' package	Around 45 percent of positions reduced since FY93 had enhanced severance or early retirement
Medical Benefits	Over 65 percent offer medical benefits during severance period	Some paid insurance benefits (less common than enhancements)	Provide medical benefits for those not covered elsewhere
Other Benefits	Most supply outplacement, tuition and other assistance	Many provided outplacement services, limited other benefits	Most provide outplacement, tuition, relocation.
Benefits Projection	Few expect significant change in next three years	Packages tend to be less generous over time	Packages tend to be less generous over time

** This feature not included (or reported) in the survey.

Exhibit I.9 Comparison of Private Sector and Department of Energy Restructuring Practices

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Surveys summarized in *Downsizing: Law and Practice*, Ethan Lipsig (1996). The Lee Hecht Harrison survey studied severance policy issues associated with eligibility, calculations and other considerations based on 3,000 responses from human resources personnel; and the General Accounting Office study focused on downsizing strategies in selected public (States) and private-sector organizations.

Separation Costs - Fiscal Years 1993 through 1996. The total cost of the work force restructuring plans from FY 1993 to FY 1996 (\$668 million), averaged over the 36,790 affected workers, was \$18,200 per employee.⁹ The Department's *Report on Work Force Restructuring Plans During Fy 1993 and 1994*, issued in February 1996, provides a detailed discussion of cost figures for FY 1993 and 1994. The *U.S. Department of Energy Annual Report on Contractor Work Force Restructuring Fiscal Years 1995 and 1996*, issued in January 1997, provides a detailed discussion of cost figures for FY 1995 and FY 1996.

Cost Comparisons. The cost-effectiveness of the Department's work force restructuring plans has improved since FY 1993. The average cost per worker has declined since FY 1993/1994, when the overall average separation cost was about \$20,600 (Exhibit I.10). In FY 1995, the average separation cost dropped to \$16,700 per worker, and to about \$13,900 in FY 1996. The average fully-burdened separation cost increased in FY 1997 back up to \$16,800 per separation. These figures represent an average fully-burdened cost of all separations, including attrition and workers separated who were not eligible for enhanced benefits.

Type of Separation	FY 93/94	FY 95	FY 96	FY 97
Early Retirement	\$42,200	\$46,500	\$39,600	\$47,100
Non-Retirement Voluntary Separation	\$18,200	\$19,900	\$23,800	\$27,000
Involuntary Separation	\$10,100	\$15,900	\$10,800	\$11,500
All Separations	\$20,600	\$16,700	\$13,900	\$16,800

Exhibit I.10 Average Cost of Work Force Restructuring

Early retirement costs have fluctuated from FY 1993/1994, through FY 1997. Per capita early retirement costs averaged over \$42,200 in FY 1993/1994, followed by \$46,500 for FY 1995, and \$39,600 for FY 1996. In FY 1997 these costs increased to \$47,100, which, in large part, was the result of the Pinellas Plant incurring higher early retirement costs relating to plant closure provisions agreed to in 1957 when the original contract was established between the contractor at Pinellas and the Department of Energy. The average costs of non-retirement voluntary

⁹ Total separations and cost include 473 early retirement separations totaling \$25 million for an average cost of \$53,900. These separations occurred between the FY 1993/1994 annual report and the FY 1995/1996 annual report and were never counted in the total separations or total cost.

separations have increased over the same period from \$18,200 in FY 1993/1994, to \$19,900 in FY 1995, \$23,800 in FY 1996, and \$27,000 in FY 1997. This is due, in part, to more senior personnel selecting this type of separation, as well as voluntary programs offered at national laboratories, which have higher than average base-compensation levels .

The severance costs of involuntary separations have not followed a consistent pattern. In FY 1993 and 1994, the average severance cost of involuntary separations was \$10,100, \$15,900 in FY 1995, and \$10,800 in FY 1996. The average cost of involuntary separation increased slightly in FY 1997 to \$11,500. These fluctuations reflect differences in the compensation levels and seniority of involuntarily separated workers. The average severance cost does not include ancillary benefits or unemployment insurance received by those who were involuntarily separated.

Cost of Other Benefits. In addition to voluntary incentive payments and severance costs, separated workers may be eligible for other benefits including displaced worker medical benefits, relocation assistance, outplacement assistance, and education assistance. These benefits are typically available for multiple years, so the cost incurred in the year of separation for other benefits is only part of the total cost. The remaining costs are incurred in future years. The Office began tracking the cost of other benefits in FY 1993. Cost comparisons among the ancillary benefits yield mixed results (Exhibit I.11).

Type of Other Benefit	FY 93/94	FY 95	FY 96	FY 97
Medical Benefits	\$4,800	\$1,800	\$2,000	\$2,400
Relocation	\$1,600	\$2,700	\$2,300	\$2,300
Outplacement	not calculated	\$400	\$1,000	\$700
Education Assistance	\$2,200	\$2,200	\$1,900	\$2,300

Exhibit I.11 Average Cost of Other Benefits Per Recipient

Historical Average Cost of Other Benefits. With five years of experience to draw from, the average cost per separation for other benefits can be estimated. The historical average cost of other benefits per eligible separation was calculated by determining the total cost incurred for other benefits from FY 1993 through FY 1997, divided by the total number of eligible separations. Eligible separations are non-retirement voluntary separations (excluding attrition) and involuntary separations with enhanced benefits.

The per separation historical average cost of other benefits is as follows: displaced worker medical benefits is \$1,424; relocation assistance is \$79; outplacement assistance is \$870; and education assistance is \$876. The total per capita historical average cost of other benefits is \$3,249. Some separated workers may incur more than \$3,249, some may incur less, and some may not incur any cost for other benefits. However, on average, workers who are eligible for other benefits will incur approximately \$3,249 in cost of other benefits. To estimate the fully-burdened cost of non-retirement voluntary or involuntary separations, the per capita historical average cost of other benefits is added to the average non-retirement voluntary separation cost and the average involuntary separation cost. The average incentive separation cost for a non-retirement voluntary separation in FY 1997 was \$27,000, the fully-burdened cost of eligible non-retirement voluntary separations was \$30,200 with other benefits included. The average severance cost for an involuntary separation in FY 1997 was \$11,500, the fully-burdened cost of eligible involuntary separations was \$14,800 with other benefits.

Not all separated workers are eligible for other benefits (e.g. attrition). To estimate the fully-burdened cost for all separations, the per capita historical average cost of other benefits is prorated based on the ratio of separated workers who are eligible for benefits to total separations. In FY 1997 the average fully-burdened cost for all separations is \$16,800.

I.4 Program Assessment

Based on an external assessment conducted by the General Accounting Office (GAO), work force restructuring has been conducted consistent with objectives of section 3161. While the Department has prepared work force restructuring plans to meet unique circumstances at each defense nuclear site, incentive programs approved were generally consistent across the complex, and did not exceed the average cost of separations of \$25,000 per person stipulated in the initial guidance issued by the Office. The GAO concluded in its report that the average cost of *all* separations between 1993 and 1996 was \$25,600, and 94 percent of all voluntary separation incentives had an average value under \$30,000. The only exceptions were at laboratories which have significantly higher base salaries than weapons production sites. More than 90 percent of early retirement programs had a calculated benefit range between \$30,000 and \$69,000.

Overall, voluntary separations, including early retirements have exceeded involuntary separations costs by only \$9,000 per separation. For non-retirement voluntary incentive programs, the cost differential between voluntary and involuntary separations documented by the GAO was only \$4,200 per separation. The cost total of work force restructuring does not take into account costs such as increases in unemployment compensation taxes, which increase the total cost of involuntary separations. These differentials are minimal compared to the benefits of higher morale and work productivity for remaining workers and fewer lawsuits from disgruntled employees.

Departmental oversight of contractor work force restructuring coordinated through the Office has resulted in stringent controls on backfilling or rehiring for positions vacated through separation. The January 1997 GAO report addressed this issue directly:

“The limited data available for the early years of restructuring showed problems in retaining workers with critically needed skills....Since these early efforts, [the Department of] Energy has taken steps to improve its ability to retain critical skills. The agency acknowledged in its report on the restructuring efforts in fiscal years 1993 and 1994 that it was essential for facilities to do more effective work force planning to identify the critical skills necessary to carry out the new mission. After [the Department of] Energy revised its guidance to emphasize work force planning, the facilities targeted voluntary separations to retain critical skills, and established controls to restrict the rehiring of employees taking voluntary separations.”

I.5 Mitigating Restructuring Impacts

The Department employs a number of measures to mitigate the impacts of work force restructuring, especially the impacts of involuntary separation. Several measures have been used successfully to avoid the need for separations. These include: (1) placing at-risk workers in other positions, either directly or by training them for other jobs that may require new skills; (2) transferring workers to other sites with available positions created by changing missions or attrition; (3) providing hiring preferences for involuntarily separated workers. Additionally, sites can offer displaced workers medical benefits, relocation assistance, a variety of outplacement services, and educational assistance.

Placement. In FY 1997, there were 1,388 workers internally placed without retraining, and ten workers were placed with retraining, with an average cost of \$1,300. There were an additional 14 workers transferred to other sites.

Medical Benefits. In 1992, Secretary of Energy James Watkins directed that all prime contractor employees separated from Department of Energy sites and not otherwise eligible for another medical program would be eligible for displaced worker medical benefits. Under this program, employees continue to participate in their former employer's medical program, but at a cost to the participant that increases over time. During the first year, the participant contributes the same amount as when he or she was employed by the company. In the second year, the employee pays one-half the applicable Consolidated Omnibus Budget Reconciliation Act (COBRA) rate. In the third and subsequent years, the employee pays the full COBRA rate.

About 2,700 employees used this coverage, at a total annual cost of about \$6.6 million, an average of \$2,400 per worker in FY 1997. Recipients of displaced worker medical benefits may have separated in prior years.

Relocation Assistance. The Department offered relocation assistance to separated prime contractor employees to help them relocate to jobs at other Department of Energy sites where such costs are not normally reimbursed. In FY 1997, 81 employees took this benefit, costing \$182,000, or nearly \$2,300 per recipient.

Outplacement Services. All Department facilities included in this report have access to outplacement services to assist separated employees in finding new employment either within or outside the Department. Some sites use consultants or subcontractors to provide such services, while others use in-house contractor staff. Some centers are staffed with job counselors, state employment services personnel, and employee assistance counselors to help separated employees locate possible new employment, prepare resumes, and accommodate personal and family concerns resulting from their separations. Services often include automated job listings, skills assessments, workshops, resource libraries, clerical help, job fairs, and résumé distribution.

Over 5,500 employees who had been separated used outplacement services in FY 1997 at a total cost of \$3.6 million, averaging about \$650 per employee. This represents a decrease in the average cost for outplacement. The decrease in cost may be due to increased usage of an ongoing contract between the Office and a national outplacement services firm that provides services to sites as requested. These services are available on a cost-per-employee basis, less than the average-per-employee cost in FY 1995 and FY 1996. Also, individuals using outplacement assistance may have been separated in prior years.

Educational Assistance. Employees, whether voluntarily or involuntarily separated, were often eligible to receive financial assistance of up to \$10,000 per employee over a two-year period. Some sites capped the total value of benefit packages, and employees receiving educational benefits received correspondingly smaller benefits in other areas. Approximately 2,300 employees took advantage of educational assistance at a cost of \$5.3 million or about \$2,300 per employee. Recipients of educational assistance benefits may have separated in prior years.

Preference-in-Hiring. Consistent with section 3161, all defense nuclear facility employees involuntarily separated under work force restructuring, (and who meet certain qualifications for service at Department sites) are eligible for preference-in-hiring elsewhere in the complex. At the time the legislation was enacted, there was reason to assume that positions would be available for employment in the Department's Environmental Restoration and Waste Management program. However, because of budget reductions, the projected growth in the program has not materialized. Consequently, the use of preference-in-hiring for involuntarily separated defense nuclear employees to obtain employment at other facilities has been limited. As of September 30, 1997, over 170 preference-eligible employees have been hired at Department facilities. To facilitate re-employment in other programs, the Department developed the Job Opportunity Bulletin Board System (JOBBS), an electronic system to announce vacancies and to allow employees to post resumes for review by other contractors and programs.

Community College Network (C²NET). There are several requirements within section 3161 concerning the education and training of Department contractor employees potentially impacted by work force restructuring. Section 3161 requires that changes in the work force at defense nuclear facilities be accomplished, when possible, through the use of retraining and that employees shall, to the extent practicable, be retrained for work in environmental restoration and waste management activities. In developing a work force restructuring plan, the Department is required to consult with local institutions of higher education. In fulfilling these requirements, the Office of Worker and Community Transition has enlisted the help of the Community College Network (C²NET).

C²NET began in 1991 as an informal consortium of community colleges located near and working with Department of Energy sites. The C²NET program has since grown into a formal network of twenty community colleges located near the Department's current or former weapon sites. C²NET's initial mission was to support the section 3161 objective of retraining employees in environmental restoration and waste management. C²NET developed the Accelerated Retraining Curriculum (ARC), a ten-module curriculum to be completed on a full-time basis in 16 weeks. The ARC was completed in 1995 and was adopted as part of the curriculum by the member colleges. Since 1995, the Department's environmental management program budget has been severely reduced and the expected increases in environmental cleanup jobs never materialized.

In 1996, the C²NET program began to stimulate site-based interactions among the colleges and other work-force restructuring stakeholders by conducting site visits at Portsmouth, Ohio and Idaho Falls, Idaho. More formal site visits began in FY 1997 with visits to Fernald, Savannah River, Kansas City, Hanford, and Rocky Flats. Site visits integrate the functions of work force planning, work force restructuring, labor relations, economic development, and education and retraining. The success of the site visits is due to having local representatives from all components of the work force restructuring process come together to discuss education and retraining issues. Participants include representatives from the Department (Headquarters and site), the prime contractor at the site, labor, local educational institutions, and Community Reuse Organizations.

1.6 Community Transition Overview

The Department's community transition program is designed to minimize the social and economic impacts of work force restructuring at defense-related facilities by providing local impact assistance to affected communities. The program encourages the local communities affected by Department mission changes to chart their own economic future by establishing community reuse organization (CRO), similar to the Department of Defense's base reuse committees created to assist communities affected by military base closures.

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The community transition program was initiated in 1993, with most job and business development activities starting in 1994 or later. Initial program guidance for the community transition program was developed in the spring and summer of 1993, shortly after the formation of the Department's Task Force on Worker and Community Transition. In the intervening period, the program has evolved through an extensive process of stakeholder and public involvement. The *Policy and Planning Guidance for Community Transition Activities* was published in the *Federal Register* on February 7, 1997. The guidance clarifies roles and responsibilities among program participants resulting in increased accountability of Headquarters, field organizations, and CROs. The revised guidance also establishes evaluation criteria for funding decisions and program-specific performance measures.

Current Funding Activities. A total of over \$191 million has been committed complex-wide to community transition activities, with \$119 million actually being spent as of September 30, 1997. To date, 11 communities have received community transition assistance. In FY 1997, nine of the 11 communities received additional commitments of \$36 million and actually spent \$36 million in community transition activities.

Job Creation. Between FY 1993 and FY 1997, 11,400 jobs were created by community transition funding. The Department's community transition program has created or retained one new job for every \$10,400 in assistance provided. An additional 17,900 jobs are projected to be created by the CROs over the next few years as the result of initiatives stimulated by these funds. Exhibit I.12 summarizes community transition funding and job creation statistics.

Site	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained By 2001 (Est.)
Idaho	\$14,325,000	\$11,290,051	674	\$16,751	2,318
Fernald	\$151,100	\$0	0	\$0	0
Los Alamos	\$5,000,000	\$1,430,000	510	\$2,804	1,186
Mound	\$14,700,000	\$6,655,711	241	\$27,617	833
Nevada	\$8,720,000	\$6,225,326	1,645	\$3,784	2,288
Oak Ridge	\$40,252,000	\$33,787,217	2,901	\$11,647	5,980
Pinellas	\$17,754,700	\$10,736,900	1,323	\$8,116	2,337
Portsmouth	\$1,000,000	\$222,224	60	\$3,704	425
Richland	\$16,607,957	\$7,857,402	744	\$10,561	3,464
Rocky Flats	\$29,960,624	\$28,193,419	1,187	\$23,752	2,140
Savannah River	\$42,954,625	\$12,632,104	2,117	\$5,967	8,338
Totals	\$191,426,006	\$119,030,354	11,402	\$10,439	29,309

Exhibit I.12 Community Transition Funding and Job Creation

Job Creation Benchmark. The Department's community transition program compares to the base closure activities of the Department of Defense. Both Departments face the challenge of stimulating local growth to replace jobs lost as the result of a site either closing or downsizing in a community. The General Accounting Office's most recent study of 60 Department of Defense base closures in 1988, 1991 and 1993 shows that over \$30,000 federal dollars have been spent for each job created.¹⁰ The Department's experience of creating one job for less than \$10,500 per job compares favorably, but other Federal and state agencies have benchmarks lower than the Department's initial experience.

A performance evaluation conducted by Rutgers University for the Department of Commerce's Economic Development Administration's (EDA) defense adjustment program reported a cost of \$12,000 per job created for defense construction projects and \$19,400 per job created for technical assistance projects.¹¹ In addition, EDA has indicated that a Small Business Administration cost of \$35,000 per job created is an appropriate benchmark for revolving loan funds programs, which are often used by communities affected by the Department's restructuring.

The *Policy and Planning Guidance for Community Transition Activities* establishes an evaluation criterion for community proposals to create at least one job for each \$10,000 to \$25,000 in Federal funding received. The average cost per job created for the community transition program of \$10,500 is well within this range, and also below the average cost per job reported by the Department of Defense (\$30,000), the Small Business Administration (\$35,000), and the Economic Development Administration (\$12,000 / \$19,400).

Office Initiatives. Economic development is a long-term process that requires flexible approaches and multiple strategies to achieve success. To improve the success of the program, the Office has undertaken several initiatives that will provide ideas and assistance to the communities.

- **Inter-agency agreements.** The Office has an inter-agency agreement with the U.S. Department of Commerce's Economic Development Administration for third party review of all community transition proposals submitted to the Department. EDA has over 30 years of economic development experience working with all levels of

¹⁰ *Military Bases: Update of the Status of Bases Closed in 1988, 1991, and 1993*, U.S. General Accounting Office, August 1996.

¹¹ *Economic Development Administration, U.S. Department of Commerce: Defense Adjustment Program Performance Evaluation Final Report*, Rutgers University, et al., November 1997. A research team led by Rutgers University evaluated 187 defense adjustment program grants financed by the Department of Commerce's Economic Development Administration. The reviewers measured jobs created, jobs retained, and the amount of public sector funds leveraged.

government and the private sector. Their review of community transition plans has improved the quality and consistency of the proposals, and will increase the probability of successful outcomes.

- **Program Assessments.** The Office will conduct program assessments to ensure Department field organizations meet the responsibilities of overall program direction and accountability for using funds for local economic development. Program assessments identify areas for improvement, validate program execution, document successes that can be shared with other locations, and improved communication and understanding among program participants.
- **Leasing Property.** The Office is leading efforts to jointly develop and issue a policy statement with the Environmental Protection Agency (EPA) that establishes procedures for notification and consultation with EPA prior to leasing property under the Hall Amendment, at Department of Energy sites on the National Priority List. Through this cooperative initiative, the Department and EPA expect to enable the Department to achieve its reindustrialization goals and accomplish its environmental restoration mission while protecting public health and the environment.
- **Integration activities.** Community transition representatives have been involved in an initiative to integrate various aspects of worker and community transition. This initiative focuses on site-specific training that addresses the requirements of both retained and displaced workers. Efforts are underway to develop curriculum and share timely and accurate information concerning future missions and future work force skills required with existing resources such as the Community College Network, local universities, Community Reuse Organizations, and labor.
- **Diversity Impacts.** The Office is assessing a range of technical and socioeconomic issues associated with determining the diversity impact on workers, facilities, and communities during downsizing and restructuring activities. The goal is to ensure that diversity efforts and accomplishments are preserved during each site's community transition activities. The focused on the demographics of sites and communities, involvement of minority stakeholders, and the role of displaced minorities in technical entrepreneurial activities.

I. 7 Status of Displaced Workers

For the third successive year, the Office conducted a survey of displaced workers to determine the effects of separation on individuals and identify areas for improvement. A questionnaire was sent to displaced workers who were separated in FY 1996. The 2,390 returned completed questionnaires represents a 27 percent response rate.

In general, more respondents were satisfied than dissatisfied with the treatment they received during work force restructuring — 50 percent were satisfied, while 35 percent were dissatisfied, and 15 percent offered no opinion.

Sixty-nine percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Fifty-three percent of all respondents indicated that they intended to seek full-time employment. Of those, 66 percent are currently employed full-time.
- Twelve percent of all respondents indicated that they intended to seek part-time employment. Of those, 31 percent are currently employed part-time.
- Seven percent of all respondents indicated that they intended to seek self-employment. Of those, 55 percent are currently self-employed.
- Seventeen percent of all respondents indicated that they intended to retire. Of those, 94 percent are currently retired.

Nineteen percent of the respondents indicated that they were eligible for preference-in-hiring status; eight percent reported they had applied for a job with preference-in-hiring status; while two percent of respondents had taken a job where they had preference-in-hiring status.

Twenty-seven percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those, 77 percent felt the training or education they received was helpful in finding a new job. Thirty-nine percent of respondents indicated that they used the outplacement center, and 72 percent of those using the service reported that it was helpful in finding employment. Overall, 58 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Fifty-four percent of respondents reported that they were given the opportunity to review the work force restructuring plan at their site. Forty-three percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 55 percent stated that the plan benefits were clearly explained.

I.8 Lessons Learned

The FY 1997 work force restructuring experience illustrates important lessons learned needed to improve the implementation of work force restructuring.

- **Work Force Planning.** A fundamental lesson is that ongoing work force planning is essential to successful management of the work force.
- **Communication.** It is evident that early and continuing communication with stakeholders is crucial to successfully managing the transition occurring at a site, and in a community.
- **Integration with Community Transition.** Integration between work force restructuring and community transition activities is improving. The C²NET program began to stimulate site-based interactions among the colleges, work force restructuring stakeholders and community transition stakeholders. Site visits integrate the functions of work force planning, work force restructuring, labor relations, economic development, and education and retraining.
- **Preference in Hiring.** The low number of preference-eligible employees hired at Department facilities in relation to total hires suggests that sites may want to consider improvements in career development strategies for preference-eligible employees. Improved training strategies may increase the level of internal transfers or rehires of preference-eligible workers to meet critical skill requirements. The Office will also emphasize the need for sites to advertise their job openings on the Job Opportunities Bulletin Board (JOBBS).
- **Employee Performance Evaluations.** Work force restructuring activities at some sites have highlighted the importance of having valid employee performance measurement systems established prior to work force restructuring. Well-documented and consistent performance evaluations are critical to managing involuntary separations based upon performance factors.
- **Contract Changes.** Identifying and addressing work force issues associated with contract changes early can facilitate successful implementation. At Oak Ridge, considerable attention was devoted to work force transitioning issues related to the new managing and integrating contract that is scheduled to take effect on April 1, 1998. The request for proposal included a number of specific provisions related to transitioning to work predominately carried out by subcontractors, assuring continuity in pay and benefits to avoid multi-million dollar immediate severance costs, and provisions to encourage maintenance of positive labor-management relations. On the other hand, a number of work force transition issues at Hanford resulting from the creation of "enterprise

companies” were not identified until workers were transitioned, complicating full consideration of appropriate approaches.

- **Site-Specific Solutions.** It is also evident that, in many cases, voluntary separation programs can be tailored to individual site situations in order to mitigate resistance and adverse impacts in a cost-effective manner. Rocky Flats has a program in place to facilitate worker acceptance of outsourcing actions. This program offers enhanced benefits to workers who want to leave contractor employment, with the restriction that they will not seek work at Rocky Flats or other Department of Energy sites. At Savannah River and Oak Ridge, workers who were willing to separate receive regular severance payments if their separation eliminates the need to involuntarily separate another worker. This is less expensive than an involuntary separation because of other benefits offered in an involuntary separation. It also eliminates the need to separate workers who do not want to leave.

I. 9 Emerging Issues

Several emerging issues are evident as a result of FY 1997 activity.

- **Future of Work Force Restructuring.** Considerable work force restructuring will continue to occur across the Department of Energy complex over the next several years. It is estimated that the Office of Management and Budget spending targets under the balanced budget agreement will result in 4,000 to 5,000 contractor work force reductions per year through 2001. Skills mix changes required by Environmental Management’s accelerated clean-up program and improved efficiency in operations (including changes in contracting mechanisms) will require retraining and/or separation of up to 5,000 additional workers over the next five years. Skills mix changes and reductions in administrative overhead at the National Laboratories will result in restructuring of an additional 1,000 to 2,000 positions. Likely consolidation or closure of the gaseous diffusion plants in Ohio and Kentucky may also result in restructuring requirements — the costs of which will be borne by the Department as a result of the Uranium Enrichment Privatization Act.
- **Attrition.** Attrition is becoming a significant challenge to work force management at some sites. When an employee voluntarily leaves a critical position through attrition, the pool of critically-skilled internal replacements continues to shrink. Sites are increasingly called upon to hire outside the Department’s labor pool to meet critical skill requirements.
- **Employee Retention.** As some sites move toward closure and work force planning systems are further developed, many contractors are developing employee transition

plans that promote retention of critical skills. These transition plans may include career training assistance prior to separation, in exchange for an agreement to voluntarily separate, without severance, at an agreed upon time when their skills are no longer needed for Departmental missions. Offering benefits to employees in providing a seamless transition to new employment, could save the taxpayers millions of dollars by avoiding separation costs.

- **Outsourcing.** Addressing issues related to changes in contracting methods is becoming increasingly important to assure a smooth and productive transition. Outsourcing raises issues with respect to how impacted workers will be treated, including the question of whether wages and benefits remain comparable, how severance and other separation benefits will be dealt with, and the extent that the incumbent work force is provided first opportunity to fill positions with new contractors. More wide-scale privatization activities raise similar issues. The Office of Worker and Community Transition is working with other Departmental programs to provide general principles for work force issues in undertaking privatization actions; develop a checklist of issues to consider; and share lessons learned across the complex.
- **Funding Mechanisms.** Changes in funding allocation directed by the Congress will change the way sites develop work force restructuring strategies. The mechanism currently used for Departmental funding of work force restructuring has difficulties tracking spending for separation benefits that went beyond those required by contract or existing company policy. In the past this spending has relied on funding from line programs in the Department. The Office of Worker and Community Transition has worked with the Department's Chief Financial Officer to provide guidance on how sites should comply with section 304 of the FY 1998 Energy and Water Appropriations Act. The general direction is that the Worker and Community Transition Account will be the only source of funds for benefits that are provided pursuant to a work force restructuring plan required by section 3161 at defense nuclear sites beyond the benefits provided by the contract, company policy, or collective bargaining agreement. This approach will provide improved visibility for the Congress in how the Department applies enhanced benefits, and will require clear priority decisions to allocate limited available resources for this purpose.

SECTION II: DEFENSE NUCLEAR SITES**II.0 Background**

Defense nuclear sites accounted for 90 percent of all workers separated in FY 1997.

	SITE: Defense Sites	FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	3,318	\$63,812,238	\$19,232
1.1	Early Retirement	461	\$21,609,838	\$46,876
1.2	Non-Retirement Voluntary Separations (Severance Only)	1,498	\$42,202,400	\$28,172
1.3	Net Positions Reduced Through Attrition	1,359	\$0	\$0
2.0	Involuntary Separations (Severance Only)	2,917	\$29,597,798	\$10,147
2.1	With Benefits	2,514	\$29,597,798	\$11,773
2.1.1	Non-construction workers	2,378	\$29,238,035	\$12,295
2.1.2	Construction workers	136	\$359,763	\$2,645
2.2	Without Benefits	403	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	6,235	\$93,410,036	\$14,982
3.0	Remaining Affected Workers		\$13,000	
3.1	Workers Placed without Retraining	1,362	\$0	\$0
3.2	Workers Internally Placed through Retraining	10	\$13,000	\$1,300
3.3	Transfers to Other Sites	7	\$0	\$0
4.0	Other Benefits Provided		\$14,849,095	
4.1	Displaced Worker Medical Benefits	2,508	\$5,832,492	\$2,326
4.2	Relocation Assistance	81	\$182,452	\$2,252
4.3	Separating or Separated Workers Using Outplacement	5,457	\$3,561,842	\$653
4.4	Education Assistance for Separated Workers	2,251	\$5,272,309	\$2,342
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$108,272,131	n/a
6.0	NET POSITIONS REDUCED (Average Costs) (1)	6,235	n/a	\$17,072
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) (1)	1,498	n/a	\$31,421
8.0	INVOLUNTARY SEPARATIONS (All Benefits) (1)	2,514	n/a	\$15,022
9.0	Other Separations (2)	449	\$746,535	\$1,663
9.1	Voluntarily Separated	63	\$238,763	\$3,790
9.2	Involuntarily Separated	386	\$507,772	\$1,315

FOR ALL SITES

Note 1. See Historical Average Costs of Other Benefits for explanation of costs per recipients.

Note 2. Based on best available information; may be underreported due to variations in tracking subcontractor employment at different sites.

Exhibit II.1 Defense Sites Work Force Restructuring Summary

II.1 Separations

There were 6,235 defense prime-contractor positions reduced in FY 1997 (Exhibit II.1). Of these separations, 3,318 positions were reduced voluntarily; 461 took early retirement, 1,498 accepted a voluntary separation package, and 1,359 positions were reduced through managing attrition. An additional 2,917 were separated involuntarily. There were also 449 subcontractor separations.

Exhibit II.2 Defense Nuclear Site Separations for FY 1997

II.2 Cost Savings and Separation Costs

Cost Savings. Based on total annual cost per employee, the potential yearly savings for separated defense site employees is \$427 million for the 6,235 workers separated in FY 1997. One-time costs associated with these separations were \$108 million in FY 1997. Exhibit II.3 illustrates the cost and annual cost savings associated with separations in FY 1997.

Exhibit II.3 Annual Cost and Savings for FY 1997 Defense Site Separations

Separation Costs. Total separation costs were \$108 million in FY 1997. The estimated fully-burdened cost per prime-contractor separation at defense nuclear sites in FY 1997 was approximately \$17,100.¹² The average cost per early retirement was \$46,900. The estimated incentive cost per recipient for non-retirement voluntary programs was \$28,200, with a fully-burdened cost of \$31,400 with benefits. Severance cost per recipient for involuntary separations was \$11,800, with a fully-burdened cost of \$15,000 with benefits.

II.3 Mitigating Restructuring Impacts

Placement. In FY 1997, 1,379 employees were placed in other positions, either at the same site or other sites. The majority (1,362) were placed at their same site without retraining.

¹²

A fully-burdened cost per involuntary or involuntary separation is calculated by taking the average severance/incentive cost and adding a per capita historical average cost for other benefits of \$3,249. The fully-burdened cost for all separations uses a prorated historical average based on the ratio of separated workers eligible for benefits.

Medical Benefits. In 1997, 2,508 separated workers took extended medical benefits with an average cost of \$2,300 per worker. Recipients may have been separated in prior years.

Relocation. In FY 1997, 81 employees received relocation assistance at an average cost of \$2,300. Recipients may have been separated in prior years.

Outplacement. In FY 1997, 5,457 workers used outplacement services, with an average cost of \$650 per worker. Outplacement services are typically available to both prime-contractor and subcontractor workers. Recipients may have been separated in prior years.

Educational Assistance. About 2,300 workers received educational assistance in FY 1997, with educational costs averaging about \$2,300 each.

II.4 Site Summaries

Site summaries follow the same general structure as the total defense nuclear sites summary with the following exceptions:

- **Mitigation.** Mitigation measures usually appear in the discussion of restructuring costs. Not all mitigation measures were used at each site. Consequently, discussion of some of these measures is not included in the site summaries.
- **Community Transition.** Only 11 defense nuclear sites have received community transition assistance; therefore, not all site summaries contain this discussion.
- **Status of Displaced Workers.** The Department of Energy Work Force Restructuring Questionnaire was sent to employees who were separated in FY 1996 from the larger sites undergoing substantial work force restructuring. Consequently, not all site summaries contain a summary of the questionnaire.
- **Subcontractor Separations.** The Department has not historically tracked subcontractor employment data. Reporting subcontractor separations is not consistent across sites.

II.4.1 Idaho National Engineering and Environmental Laboratory

II.4.1.1 Background

The Idaho National Engineering Laboratory became the Idaho National Engineering and Environmental Laboratory (INEEL) in FY 1997 to reflect the new missions of the Laboratory and its focus on the technical challenges related to the environment. The name change reflects the major engineering and research role the INEEL provides nationally to the Department's Environmental Management program.

The mission of INEEL is to clean up the environmental legacy resulting in part, from production priorities during the Cold War, execute multi-program missions, and leverage the Laboratory's expertise with emerging technology to meet the Nation's needs through world class applied engineering. INEEL's vision is to be recognized as the national engineering and environmental laboratory operating in a multi-program mode. INEEL's mission is shifting from nuclear technology research to addressing environmental concerns, growing new missions and creating new jobs based on the extensions of facility strengths related to Department and national needs.

The INEEL's new direction includes five business objectives: (1) combine systems and testing capabilities to establish the Environmental Engineering and Technology Complex, (2) use facilities required to fulfill waste disposition plans and agreements to create the Waste Treatment Center, (3) increase its role in national security, (4) increase its contributions in nuclear technologies and applications, and (5) expand into derived national environmental missions.

II.4.1.2 History of Work Force Restructuring

INEEL has experienced five work force restructuring efforts from FY 1993 through FY 1996. The security work force have gone through two separations, both voluntary and involuntary. There has also been one early retirement incentive package and two voluntary separation packages affecting prime contractor employees. Total separations from FY 1993 through FY 1996 were 1,945, only 20 separations were involuntary.

II.4.1.3 Current Work Force Restructuring

Because of efforts by the Department's Idaho Operations Office and the contractors at the INEEL to transfer people internally, a potential lay off in FY 1997 was averted. There were no prime contractor positions reduced in FY 1997 (Exhibit II.4). There were 236 separations through attrition. New hires exceeded gross attrition; therefore, there were no net positions reduced through attrition. There were 26 individuals internally placed, 16 without retraining and 10 with retraining.

Office of Worker and Community Transition

SITE: Idaho		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	0	\$0	\$0
3.0	Remaining Affected Workers		\$13,000	
3.1	Workers Placed without Retraining	16	\$0	\$0
3.2	Workers Internally Placed through Retraining	10	\$13,000	\$1,300
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$1,148,358	
4.1	Displaced Worker Medical Benefits	126	\$464,477	\$3,686
4.2	Relocation Assistance	35	\$56,066	\$1,602
4.3	Separating or Separated Workers Using Outplacement	318	\$163,300	\$514
4.4	Education Assistance for Separated Workers	267	\$464,515	\$1,740
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$1,161,358	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	0	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	84	\$300,000	\$3,571
9.1	Voluntarily Separated	32	\$0	\$0
9.2	Involuntarily Separated	52	\$300,000	\$5,769

Exhibit II.4 Idaho Work Force Restructuring Summary

Outsourcing. There were no outsourcing activities in FY 1997. Two outsourcing activities took place in FY 1995. All computer training was outsourced with 14 individuals being employed by the new company. In addition, part of the Occurrence Reporting Processing System project was outsourced. The new vendor hired all four of the potentially displaced employees. There was also commercialization of the TRA Hot Cell in September 1996. Seven individuals went with the new company and four were placed internally for a total of 11 affected employees. There were no outsourcing activities in FY 1997.

Rehires. No employees were rehired in FY 1997 after being voluntarily separated and receiving benefits. Eleven site employees were rehired in FY 1997 after being involuntarily terminated.

There was no requirement for them to repay any severance because the elapsed time between separation and rehire did not provide overlapping benefits. Education and relocation benefits provided to the rehired workers ceased as of their rehire date. No positions vacated through restructuring were backfilled unless there was new work scope. This has been carefully monitored and documented by the Idaho Operations Office.

II.4.1.4 Costs of Restructuring

In FY 1997 the total work force restructuring cost incurred was \$1.2 million for other benefits provided to employees separated in prior years (Exhibit II.4). The average cost of: extended medical benefits was \$3,700, relocation assistance was \$1,600, outplacement was \$500, and education assistance was \$1,700.

II.4.1.5 Outplacement

The Lockheed Martin Institute Technology Company Outplacement Center (the Center) was established in April 1995 with a defined mission to provide a wide array of job searching and career assessment programs that prepare clients to market themselves. The Center was established at an off-site facility with easy access and parking, and all displaced workers were advised of the Center's services. The Center was staffed by three full time counselors, including one Idaho Department of Employment Job Service representative, providing clients individualized assistance in their job search. An Education Tuition Assistance administrator, appointed from the INEEL Institute, was also stationed at the Center on a part time basis.

The Center provided eight individual workstations complete with computers equipped with a variety of work processing capabilities, resume software, and Internet access and phones equipped with FTS access. Staff assisted in the operation of these programs. As an added feature, the Idaho Department of Employment made available the Career Information System which is a self-assessment, employer research, program designed to assist clients in determining their skills and matching them to available positions within the state.

The Center also provides a library which serves as a research tool in the areas of both personal assessment and career exploration. Recent publications pertaining to the topics of managing change, interviewing techniques, and resume writing are samples of the literature available. In addition, newspapers, government and industry-related journals, and reference books relative to the current job market are available. A monthly newsletter, "The Search", informs clients of Center resources and activities.

In the past, Center staff made a number of informational presentations covering topics of interest such as managing change, negotiating an offer, resume preparation, and interviewing techniques.

Outside experts presented full-day skill assessment and financial education programs. A resume booklet updated periodically was assembled and is distributed to various local and regional employers as appropriate.

Because of a reduction in clientele, three of the eight work stations have been eliminated, presentations are not currently being made, and the resume book is updated less frequently. All other services are still available.

Preference in Hiring. The goal of the outplacement center is to place as many individuals with preference-in-hiring as possible. To that end, systems and procedures are in place to facilitate contact with the individuals, track and monitor progress, and to place individuals, as positions become available. The number of people now eligible for preference-in-hiring is 32, down from approximately 100 in FY 1994. Twenty-seven displaced workers with preference-in-hiring have been placed at INEEL within the last two years. Approximately 15 others have been placed at other Department of Energy sites.

II.4.1.6 Status of Displaced Workers

Twelve percent of the FY 1996 displaced workers from the Idaho National Engineering Laboratory responded to the Department of Energy Work Force Restructuring Questionnaire. Ninety-eight percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving Department of Energy contractor employment as compared to their current status (when responding to the questionnaire):

- Thirty-nine percent of all respondents indicated that they intended to seek full-time employment. Of those, 42 percent are currently employed full-time.
- Fourteen percent of all respondents indicated that they intended to seek part-time employment. Of those, 29 percent are currently employed part-time.
- Six percent of all respondents indicated that they intended to seek self-employment. Of those, 67 percent are currently self-employed.
- Fourteen percent of all respondents indicated that they intended to retire. Of those, 86 percent are currently retired.

None of the respondents indicated they were eligible for preference-in-hiring status, had applied for a job with preference-in-hiring status, or had taken a job where they had preference-in-hiring status.

Office of Worker and Community Transition

Forty-one percent of respondents received educational assistance from their contractor after leaving Department of Energy contractor employment. Of those looking for employment, 93 percent felt the training/education they received was helpful in finding a new job. Forty percent of respondents indicated that they used the outplacement center. Of those, 100 percent reported the service was helpful in finding employment. Overall, 72 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Sixty-five percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the INEEL. Forty-five percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 65 percent stated that the plan benefits were clearly explained. Overall, 54 percent expressed satisfaction with their treatment during downsizing.

II.4.1.7 Community Transition

The Eastern Idaho Community Reuse Organization (CRO) was established in October 1994 as a standing Committee of the Board of Directors of the Eastern Idaho Economic Development Council (Council). The Council acts as the fiduciary for all CRO activities through its non-profit status. The mission of the Council, and therefore the CRO, is to diversify the regional economy by creating the widest possible range of employment opportunities for the region's residents, while preserving and enhancing their quality of life.

As of September 30, 1997, a total of \$5.3 million has been committed to the CRO and \$9 million to the State of Idaho for economic diversification, for a total commitment of \$14.3 million. To date, \$11.3 million has been spent. A total of 674 jobs have been created or retained, with an additional 1,644 projected by the year 2001 (Exhibit II. 5).

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$3,000,000	\$3,000,000			300
Financing Programs	\$3,250,000	\$2,311,839			100
Reuse of On Site Assets					100
Training	\$1,434,000	\$1,434,000			300
Land, Facilities, Research and Development Assistance	\$4,750,000	\$4,219,212	674	\$6,260	1,518
Planning / Program Management	\$1,891,000	\$325,000			
Totals	\$14,325,000	\$11,290,051	674	\$16,751	2,318

Exhibit II.5 Idaho Community Transition Funding and Job Creation

Office of Worker and Community Transition

The CRO programs and organization have resulted in region-wide cooperation and coordination of economic development activities among seven counties in Eastern Idaho. The CRO programs placed a strong emphasis on activities that are not dependant on the Idaho National Environmental Engineering Laboratory (INEEL). Agreements are in place with site management and integration contractors for handling spinoff and technology transfer activities. Sixty percent of CRO resources have been allocated to make direct investments in private sector enterprises. All investments are creating new private sector jobs and returning capital to the program for reuse.

Related community based organizations were formed with CRO seed support both in outlying communities and central cities, to initiate targeted diversification efforts. These efforts include downtown revitalization, business incubators, tourism promotion activities, and external business promotion. All agreements with community based organizations require self sufficiency strategies with program support limited to one year.

Diversification efforts have had significant measurable effects. In 1993, INEEL and irrigated agriculture made up over 80 percent of the host Bonneville County economy. In 1997, these two sectors make up approximately 66 percent of the county's economy. During the same period, non-INEEL manufacturing incomes grew by 18 percent while non-Laboratory employment grew by 26 percent.

Local non-governmental financial support has totaled over \$1 million during this same period, primarily derived from private sector investments in the Eastern Idaho Economic Development Council. Programs have also leveraged a variety of other public and quasi-public funding sources, such as State of Idaho Workforce Training funds, Community Development Block Grants, and revolving loan funds.

In addition to the CRO activities mentioned, an agreement was reached between the State of Idaho and the Department of Energy. This agreement allows the INEEL to accept a certain number of shipments of spent fuel in exchange for the eventual removal of most nuclear waste and spent fuel from Idaho by a set deadline. Also included in this agreement is the requirement that the Department provide the State with \$6 million per year, over five years (for a total of \$30 million) for economic diversification projects in Eastern Idaho. So far the State has received \$9 million from the Department of Energy. As of September 30, 1997, the State had distributed approximately \$7.4 million as follows: \$6 million to the Regional Development Alliance, Inc., (RDA) and approximately \$1.4 million for business development efforts managed by Idaho State University, the University of Idaho, Boise State University and the Eastern Idaho Technical College.

The RDA is a nonprofit corporation dedicated to affecting and enhancing quality job creation opportunities in Eastern Idaho. Under the agreement with the State of Idaho, RDA will use the funds received by the State to create jobs and diversify the economy of Southeastern Idaho by

providing financial assistance for business expansion, new business creation, relocation of out-of-state business, and development of infrastructure necessary to support business. RDA projects that 1,044 jobs will be created from committed projects within the next 24 months, with a projected job cost of \$3,700 per job.

II.4.1.8 Future of the Site

Manpower projects for the next several years are increasing at the INEEL because of the increased environmental mission. In each of the next three fiscal years, a net increase of approximately 300 positions per year is expected, predominately in the engineering, scientific and technical job categories.

II.4.1.9 Accomplishments and Lessons Learned

Accomplishments of work force restructuring efforts and lessons learned from the outplacement center are as follows:

- LMITCO mitigated the cost impact of the Lockheed Martin Advanced Energy Systems (LMAES) layoff, by placing 24 of the 157 affected employees into LMITCO job openings for which they were qualified.
- To accurately monitor preference-in-hiring status at INEEL and track displaced workers, the outplacement center mails a yearly reminder, via registered mail, requesting a signed preference-in-hiring form to be returned to the center along with an updated resume. Resumes are then entered into JOBBS and into an in-house reference database tracking system.
- In order to evaluate the effectiveness of the outplacement center, customer surveys solicit client feedback on how services and operation of the Center could be improved. The surveys also provide an updated status of separated employees. The comments are very favorable and reflect satisfaction with the services and resources provided.
- The utilization of the outplacement center continued to decline the farther away from separation date, therefore, plans are underway to relocate the outplacement center from an offsite location to one inside the facility where the LMITCO Human Resource Department is located. The move is being made to accommodate the reduced utilization of Center and to use the Center staff in other human resource functions during less active times at the Center. The Center hours will be also be reduced.

II.4.2 Kansas City Site

II.4.2.1 Background

The Kansas City Plant (KCP), located in Kansas City, Missouri, is responsible for the development and procurement of non-nuclear components for the nation's nuclear weapons program. AlliedSignal Inc., Federal Manufacturing & Technologies (FM&T) is the current management and operating contractor for the Kansas City Plant.

Since its creation in 1949, the Kansas City Plant has been an important part of the nuclear weapons complex. Typically, over 80 percent of the individual components within a nuclear weapon are the KCP's production or procurement responsibility. Through the years, the Plant's role within the nuclear weapons complex required a large productive capacity and extremely diverse technical capabilities. This set of capabilities and capacities was added incrementally in response to changing Departmental program needs.

With the end of the Cold War, the emphasis of the United States nuclear weapons program has shifted dramatically from development and production of new design weapons to dismantlement and maintenance of a smaller, enduring stockpile. In accordance with national security policy, including the Strategic Arms Reduction Treaties, the nuclear weapons stockpile is being significantly reduced. As a result, the Department shut down some of its former weapons facilities, transferred many of the production missions to the Kansas City Plant, and began moving other selected production operations to the national laboratories.

Subsequently, studies were conducted in support of the Stockpile Stewardship and Management Programmatic Environmental Impact Statement to determine a preferred alternative for the continued manufacturing of nonnuclear components for nuclear weapons. The studies resulted in the selection of a downsized Kansas City Plant as the preferred site because it was more cost effective than other alternatives, and presented less programmatic risk to weapon production schedules because product technologies and facilities were in place to complete the mission.

II.4.2.2 History of Work Force Restructuring

The Department first announced in April 1993 the need to restructure the work force at the Kansas City Plant, due to changes in the defense mission and subsequent budgetary reductions. From FY 1993 to FY 1996, the KCP has separated 1,205 workers, with over 73 percent separating voluntarily.

The majority of separations occurred in FY 1993 and 1994, when 1,003 workers left the site. In FY 1995 and FY 1996, a total of 202 employees separated from KCP through attrition at no cost to the Department.

II.4.2.3 Current Work Force Restructuring

There were no positions reduced through work force restructuring in FY 1997 at the Kansas City Plant. There were 158 separations through attrition. New hires exceeded gross attrition, therefore there were no net positions reduced through attrition. There were no work force restructuring costs incurred in FY 1997.

Anticipated FY 1998 Activity. In February 1997, AlliedSignal FM&T notified KCP associates that an anticipated budget shortfall for FY 1998 would result in a reduction-in-force to occur in August or September 1997. FM&T began planning for a voluntary reduction followed by an involuntary reduction-in-force. In March 1997, the budget shortfall for FY 1998 was projected to be approximately \$44 million resulting in a reduction of 400 to 700 associates.

In June 1997, the Department formally announced a work force reduction of as many as 700 associates at the Kansas City Plant to take place by October 1, 1997. A draft work force restructuring plan for the KCP was submitted to the Department for review and comment, and guidelines and applications for a voluntary reduction in force were distributed to all KCP associates. By August 1997, letters were distributed to 331 associates indicating that they had been approved for the voluntary reduction in force. Concentrated planning began in September 1997 for an involuntary reduction in force to be completed in early FY 1998.

Outsourcing. Over the years, FM&T has procured and fabricated parts in approximately a 50 percent make and a 50 percent buy ratio and has been moving towards more buying in recent years. In September 1995, a make-or-buy plan for functions and services was established. The plan was reviewed and approved by the Department of Energy Area Office and Operations Office. Plans for the coming years consist of appointing an outsourcing manager to oversee privatization opportunities that are consistent with SMRI implementation.

Rehires. AlliedSignal FM&T policy is not to rehire any employee who has taken a separation package through one of the voluntary reduction-in-force packages. Consideration to rehire employees who were affected by an involuntary reduction-in-force is done consistent with good business practices and, where applicable, the provisions of any collective bargaining agreements.

II.4.2.4 Costs of Restructuring

There were no work force restructuring costs incurred for FY 1997.

II.4.2.5 Outplacement

Employees who left AlliedSignal FM&T through the voluntary separation incentive program

were offered outplacement assistance through StarAccess, an outplacement firm. StarAccess provided a full range of outplacement services which included performing job searches, developing and maintaining job leads, assisting with resume creation, reproduction and mailing, maintaining job market information, publicizing terminated workers' skills, and facilitating registration with government bureaus and services. The Career Center was available with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Center were offered workshops on job-related topics.

Preference in Hiring. No preference-in-hiring has been exercised by applicants at AlliedSignal FM&T.

II.4.2.6 Future of the Site

The Kansas City Plant will gradually reduce the size of the plant and the number of workers. The current strategy for the KCP covers the period from September 30, 1997 to FY 2006 and includes five major objectives:

- Reduce the physical size of the plant from approximately 3.2 million square feet of floor space to approximately 2.3 million square feet by consolidating and combining functional areas.
- Change the manufacturing methodology for most product lines from product-based to process-based manufacturing to achieve more effective use of resources.
- Outsource more of the products currently manufactured within the plant to commercial suppliers.
- Reduce infrastructure by eliminating and streamlining operating and administrative procedures. Change business practices to more efficiently use resources.
- Apply total quality initiatives to streamline and simplify business processes so that functions can be performed more efficiently.

II.4.2.7 Accomplishments and Lessons Learned

The voluntary separation program was very successful. The Department of Energy and AlliedSignal FM&T struck a good balance of benefits and services to help mitigate the effects of an involuntary reduction. StarAccess provided excellent support for affected employees, which has allowed an easier of transition of people into retirement or other jobs.

However, the time between the announcement of a potential reduction-in-force and the final separation notifications to employees was excessive. The process should be streamlined so that the contractor knows exactly what the funding limits will be for a given period and make the necessary decisions about downsizing quickly. The long period between announcement and notifications only exacerbated the problem of keeping employees with necessary skills. Today's job market is such that skilled employees do not have to look far for good opportunities.

II.4.3 Lawrence Livermore National Laboratory

II.4.3.1 Background

The Lawrence Livermore National Laboratory (LLNL), one of three research laboratories managed by the University of California, is a national security laboratory whose mission is to solve complex scientific and technical problems of national importance. LLNL, established in 1952, was a separate part of what was then the University of California Radiation Laboratory: Berkeley and Livermore. In June 1971, recognizing the long-standing autonomy of the two laboratories, The Regents of the University formally separated them, and named Livermore as Lawrence Livermore Laboratory. In December 1979, Congress changed the name to Lawrence Livermore National Laboratory. The main location and facilities of LLNL are at three sites: the Livermore, California site; Site 300 at Tracy, California; and the Nevada Test Site.

II.4.3.2 History of Work Force Restructuring

Shifting national priorities impacting scientific and technical requirements and factors affecting Laboratory operations resulted in changes to the job skills mix needed to meet current and anticipated needs at the Laboratory. As a result, work force restructuring efforts at LLNL began during FY 1996 with a comprehensive internal review of Laboratory operations.

Employees were informed in June 1996 of a work force restructuring plan that included a Voluntary Separation Incentive Program (VSIP). Based on a work force analysis, Laboratory employees were placed into three categories relative to their eligibility for VSIP participation. Employees determined eligible to participate in the VSIP are in classifications where skills that will be needed in the future, but at a reduced level, and where functions may be phased out. A second group of employees eligible for the VSIP are in classifications where reduction is not required but voluntary separations could provide opportunities for consolidation and reductions. The number of individuals from this group allowed to participate in the VSIP is limited based on the need to meet mission objectives. The final group of employees are not eligible for the VSIP. They are in classifications identified as having skills critical to the ongoing mission of the Laboratory and replaceable only through external hire. VSIP features included separation payment incentives, medical benefit continuation, education assistance, relocation cost, and career assistance. These populations are subject to change due to future operational and budget changes.

In FY 1996, 898 employees voluntarily separated from LLNL employment. There were 272 separations through VSIP participation and 626 separations through attrition.

II.4.3.3 Current Work Force Restructuring

There were 285 positions reduced in FY 1997 (Exhibit II.6). Of the 285 reductions, 230 employees participated in the VSIP. Their positions were not refilled. In addition, there were 55 net positions reduced through normal attrition.

SITE: Lawrence Livermore National Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	285	\$10,105,868	\$35,459
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	230	\$10,105,868	\$43,939
1.3	Net Positions Reduced Through Attrition	55	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	285	\$10,105,868	\$35,459
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$319,366	
4.1	Displaced Worker Medical Benefits (1)	130	\$208,700	\$1,605
4.2	Relocation Assistance	1	\$2,910	\$2,910
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers	89	\$107,756	\$1,211
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$10,425,234	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	285	n/a	\$38,081
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	230	n/a	\$47,188
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.6 Lawrence Livermore National Laboratory Work Force Restructuring Summary

Outsourcing. There have been no outsourcing activities at LLNL.

Rehires. To date, two employees who participated in the VSIP have been rehired as LLNL retiree employees and are not considered regular career laboratory employees.

II.4.3.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$10.4 million, with an estimated fully-burdened cost of \$38,100 per separation (Exhibit II.6). The average incentive cost of non-retirement voluntary separation was \$43,900, with a fully-burdened cost of \$47,200 with benefits. The average cost of: extended medical benefits was \$1,600, relocation assistance was \$2,900, and education assistance was \$1,200.

The annual savings in salary and benefits for the 285 positions reduced is \$25.7 million, for a one-time cost of \$10.4 million.¹³

II.4.3.5 Outplacement

LLNL's Career Center provides employees with a variety of resources to assist in career management. Included are reference materials on job market information; qualifications for jobs inside and outside the Laboratory; job opportunities from other companies, the University of California and California State universities and other Department of Energy Laboratories; employment trends; business directories and publications; a lending library with books, audio and video tapes concerning job search, career development, time management, managing change, leadership/management development, and aging and retirement. The Career Center has two computer workstations with access to the Internet and instructions on using the Web to find information on career development, education and training, and job openings. The computers can be used to write and print resumes. Employees across the Laboratory can access many of these resources on the Career Center's internal home page. Employees use one-on-one career counseling to help them conduct and review a self-assessment; discuss different career options; review and critique resumes; evaluate skills; and provide guidance for job search strategies or education. Workshops are offered each week on a variety of career related topics.

Preference in Hiring. All separations at LLNL were voluntary. There were no individuals eligible for preference-in-hiring.

¹³ Salary and benefit costs, and therefore savings, reflect an average of \$90,000 per employee at the site; significantly higher than the average \$67,500 used for other sites.

II.4.3.6 Status of Displaced Workers

Ten percent of the FY 1996 displaced workers from the Lawrence Livermore National Laboratory responded to the Department of Energy Work Force Restructuring Questionnaire. One hundred percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Nineteen percent of all respondents indicated that they intended to seek full-time employment. Of those, 81 percent are currently employed full-time.
- Thirteen percent of all respondents indicated that they intended to seek part-time employment. Of those, 27 percent are currently employed part-time.
- Six percent of all respondents indicated that they intended to seek self-employment. Of those, 80 percent are currently self-employed.
- Forty-four percent of all respondents indicated that they intended to retire. Of those, 100 percent are currently retired.

None of the respondents who indicated that they were eligible for preference-in-hiring status, had applied for a job with preference-in-hiring status, or had taken a job where they had preference-in-hiring status.

Twenty-nine percent of respondents received educational assistance from their contractor after leaving contractor employment. Of those looking for employment, 100 percent felt the training/education they received was helpful in finding a new job. Four percent of respondents indicated that they used the career center, and 67 percent of those using the service reported that it was helpful in finding employment. Overall, 81 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Sixty-one percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the LLNL. Sixty-two percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 77 percent stated that the plan benefits were clearly explained. Overall, 74 percent expressed satisfaction with their treatment during downsizing.

II.4.3.7 Future of the Site

For the immediate future, the Laboratory is focusing its efforts on two of the nation's top priorities: stockpile stewardship and stemming the proliferation of weapons of mass destruction.

Other major areas include energy, bioscience and environmental remediation. These activities necessitate a broad range of core strengths at the Laboratory. Changing national priorities and budget uncertainty will require on-going biannual work force reassessments to determine whether future work force restructuring actions will be necessary.

LLNL completed two work force reviews in FY 1997, including career, term, and supplemental positions. The Laboratory determined that no further work force restructuring was required.

II.4.1.8 Accomplishments and Lessons Learned

There have been a number of accomplishments and lessons learned at LLNL about the work force restructuring process.

- The Laboratory's work force restructuring efforts, including the voluntary separation incentive program, have been successful in achieving the goal of a job skills mix needed to meet current and anticipated needs. However, in retrospect, the level of benefits provided led to higher costs than may have been necessary to encourage voluntary separations. As a result, any future voluntary programs are expected to be less generous.
- The lack of a final, approved Plan during restructuring raised questions from stakeholders regarding the authority for Plan implementation.
- Extending the voluntary separation incentive program application period provided an opportunity for employees to make decisions and management to make on-going skills needs assessments. However, the length of an extended application period should be weighed against resultant administrative issues.
- Closing the voluntary separation incentive program at the end of the calendar year presented tax-related participation issues for employees, which consequently complicated program implementation and may have affected the level of participation. Careful consideration should be given to the timing of any incentive program.
- The Laboratory has implemented several methods to assist in the transition of retained workers. The Laboratory's Director's Office review and approval of all postings (indefinite career, term career, and supplemental labor) was implemented in August 1996 to ensure that Laboratory-wide work force actions are consistent with voluntary separation incentive program requirements. The Laboratory Brokers Team continues to review Laboratory postings as to whether or not current Laboratory employees could potentially fill such postings. The Recruiting and Employment Division continues to utilize Resumix as a tool in assessing employee skills, knowledge and abilities, to enhance reassignment and retraining assessments.

II.4.4 Los Alamos National Laboratory

II.4.4.1 Background

Los Alamos National Laboratory (LANL) is one of twenty-eight Department of Energy laboratories and is managed for the Department by the University of California (UC). LANL is one of the largest multi disciplinary institutions in the world. It is the largest institution and the largest employer in Northern New Mexico with approximately 6,800 University employees plus approximately 2,800 contractor personnel. Roughly one-third of the technical staff members are physicists, one-fourth are engineers, one-sixth are chemists and materials scientists, and the remainder work in mathematics and computational science, biological science, geoscience, and other disciplines. Professional scientists and students also come to LANL as visitors to participate in scientific projects. The staff collaborates with universities and industry in both basic and applied research to develop resources for the future.

Over the 50-year history of LANL, the primary mission has been to apply science and technology to problems of national security. However, well before the end of the Cold War, this mission expanded to encompass energy, economic competitiveness, and other national problems. Today, LANL focuses on reducing the global nuclear danger, as well as conducts large-scale, multi disciplinary research and development in hundreds of areas ranging from advanced manufacturing techniques to human genome studies, from alternative energy sources to new polymers. An important facet in meeting current missions is collaboration with private industry and universities.

II.4.4.2 History of Work Force Restructuring

A total of 516 employees were separated from the site in FY 1995, with 452 leaving voluntarily. An additional 64 were involuntarily separated. In FY 1996, 374 workers were separated, with 181 voluntary separations and 193 involuntary separations. Total separations at LANL through FY 1996 totaled 890 employees, 71 percent of these employees separated voluntarily.

II.4.4.3 Current Work Force Restructuring

As a result of work force restructuring initiatives in FY 1995 and FY 1996, formal work force restructuring was not necessary in FY 1997 (Exhibit II.7). There were only two involuntary separations, these were employees who were laid off in FY 1996, but actually separated in FY 1997. There were 208 separations through attrition. However, new hires exceeded gross attrition, therefore, there were no net positions were reduced through attrition. The Laboratory will continue hiring for vacant positions critical to present and future needs.

Office of Worker and Community Transition

SITE: Los Alamos National Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	2	\$41,000	\$20,500
2.1	With Benefits	2	\$41,000	\$20,500
2.1.1	Non-construction workers	2	\$41,000	\$20,500
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	2	\$41,000	\$20,500
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$420,800	
4.1	Displaced Worker Medical Benefits	82	\$99,000	\$1,207
4.2	Relocation Assistance	1	\$2,600	\$2,600
4.3	Separating or Separated Workers Using Outplacement	325	\$44,200	\$136
4.4	Education Assistance for Separated Workers	200	\$275,000	\$1,375
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$461,800	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	2	n/a	\$23,749
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	2	n/a	\$23,749
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.7 Los Alamos National Laboratory Work Force Restructuring Summary

Outsourcing. There has been no outsourcing at LANL.

Rehires. In FY 1997, 68 former LANL employees were rehired after involuntary termination. Positions previously vacated through restructuring have not been backfilled.

II.4.4.4 Separation Costs

The total work force restructuring cost incurred in FY 1997 was \$461,800, with an estimated fully-burdened cost of \$23,700 per involuntary separation (Exhibit II.7). The average cost of displaced worker medical benefits was \$1,200, the average cost of relocation assistance was

\$2,600, the average cost of outplacement was \$140, and the average cost of education assistance was \$1,400.

II.4.4.5 Outplacement

There was no formal work force restructuring or outplacement at LANL in FY 1997.

Preference in Hiring. In July 1996, the Laboratory changed the preference-in-hiring program as a result of Department recommendations. Two primary themes of the enhanced preference-in-hiring program included improving communications with displaced workers, and giving hiring preference to a displaced worker who is qualified for the job, over an external candidate unless the hiring official can document a clear rationale for passing over the former employee. Laboratory senior management dedicated a full-time staffing professional to serve as an advocate for former employees pertaining to their re-employment.

Approximately 301 former employees involuntarily terminated since September 27, 1991, are eligible for preference-in-hiring consideration. Approximately 199 of those individuals were separated in FY 1995. LANL has placed approximately 68 eligible former employees through the enhanced preferential hiring program either with the Laboratory or its subcontractors.

II.4.4.6 Status of Displaced Workers

Fourteen percent of the FY 1996 displaced workers from the Los Alamos National Laboratory (LANL) responded to the Department of Energy Work Force Restructuring Questionnaire. Ninety-six percent of the respondents reported that they had left the work force involuntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Eighty-three percent of all respondents indicated that they intended to seek full-time employment. Of those, 44 percent are currently employed full-time.
- Six percent of all respondents indicated that they intended to seek part-time employment. Of those, 33 percent are currently employed part-time.
- Two percent of all respondents indicated that they intended to seek self-employment. Of those, 100 percent are currently self-employed.
- Four percent of all respondents indicated that they intended to retire. Of those, 100 percent are currently retired.

Eighty-nine percent of the respondents indicated that they were eligible for preference-in-hiring status; 70 percent reported they had applied for a job with preference-in-hiring status; while 11 percent of respondents had taken a job where they had preference-in-hiring status.

Forty-three percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 65 percent felt the training/education they received was helpful in finding a new job. Sixty-three percent of respondents indicated that they used the outplacement center, and 47 percent of those using the service reported that it was helpful in finding employment. Overall, 19 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Twenty-five percent of respondents reported that they were given the opportunity to review the work force restructuring plan at LANL. Four percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 21 percent stated that the plan benefits were clearly explained. Overall, four percent expressed satisfaction with their treatment during downsizing.

II.4.4.7 Community Transition

In July 1993, the Defense Adjustment Task Force (DATF) was created to oversee a regional planning program funded under a Department of Defense grant. The purpose of the program was to prepare a regional plan to deal with future LANL downsizing related to defense program funding reductions. In FY 1995, the Department provided a grant to the DATF to assist the region in mitigating the economic impacts of downsizing. Through a cooperative agreement, the Department established Los Alamos County as the fiscal agent for funding projects, with the potential for reconsideration of the funding process once the Community Reuse Organization (CRO) was established. The DATF disbanded in January 1996 with the completion of a regional plan titled *Actions Toward Building a Self-reliant Economy in the Tri-county Region*.

The Regional Development Corporation (RDC) was established in July 1996 as a not-for-profit organization formed to administer the community transition funds provided by the Department for local impact assistance. In FY 1996, the RDC recognized the Department of Energy as the CRO for northern New Mexico community transition. The RDC's mission is to organize and implement an economic diversification and development program for north central New Mexico. The RDC assists the region by developing economic development projects that can redeploy the highly skilled, well-trained and educated work force developed for the Los Alamos National Laboratory's site missions and to find potential new productive uses for land, facilities, and equipment as they become available.

Office of Worker and Community Transition

The RDC's goals include funding business creation, attraction, retention, and expansion to offset regional employment losses. The RDC provides financial assistance to projects that accomplish appropriate diversification and development. An element of the RDC's strategy is to align the region's political and economic communities to provide a basis for an implementable regional transition plan. This plan may include projects designed to stimulate and fund strategic infrastructure development and improvement, and development of additional public and private funding sources to be used for implementing the Corporation's mission. The RDC will establish performance measures for selecting and evaluating diversification and development projects; as well as for achieving coordination and communication of regional diversification and development activities.

As of September 30, 1997, a total of \$5 million has been committed to the CRO; \$1.4 million of which has been spent. A total of 510 jobs have been created or retained, with an additional 676 projected by the year 2001 (Exhibit II.8).

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$870,000	\$806,000	185	\$4,357	405
Financing Programs	\$750,000	\$18,000			100
Reuse of On Site Assets					
Training	\$1,300,000	\$351,000	150	\$2,340	506
Land, Facilities, Research and Development Assistance	\$360,000	\$245,000	175	\$1,400	175
Planning / Program Management	1,720,000	10,000			
Totals	5,000,000	1,430,000	510	\$2,804	1,186

Exhibit II. 8 Los Alamos Community Transition Funding and Job Creation

As a result of the Cooperative Agreement with Los Alamos County, 12 of 14 projects that were approved by the former DATF board were implemented. The projects focus primarily on building regional infrastructure needs, such as construction of buildings and extension of water lines to facilitate development of business incubators, or investment in higher education and distance learning capabilities. The projects recommended by the DATF total approximately \$3.2 million. The RDC has the opportunity to further catalyze the diversification of the economy with additional funds under the provisions of the 3161 legislation.

Local participation in these ongoing projects has been provided by supplemental, matching, or in-kind funds from several of the project sponsors, i.e., the Community Colleges, the University of New Mexico, the cities of Santa Fe and Espanola, and the counties of Los Alamos, Rio Arriba,

and Santa Fe. Several regional economic development authorities sponsored by the state of New Mexico are participating by assisting with management of the Revolving Loan Fund and the Targeted In-Plant Training Funds as well as smaller local business development projects. Several retraining projects have been initiated by the local community colleges and have resulted in jobs at micro processing facilities in the region. A distance learning program at the University of New Mexico-Los Alamos campus has been established to assist in retraining of regional employees and former employees at the Laboratory. The Northern New Mexico Community College in Espanola has established a training program in microelectronics to meet a growing regional demand. The Community College of Santa Fe has improved its curriculum to meet the needs of former and current Laboratory employees by conducting a survey and implementing classes identified through the survey.

The CRO is planning to develop a strategic implementation plan that provides the local communities with guidance on the strengths, weaknesses, opportunities, and threats to both regional and local economic development visions. The RDC's serves as a resource for communities with the need to diversify the local and regional economies and define an economic future less dependent on federal funding.

Los Alamos National Laboratory's managing contractor, the University of California, has established several goals and activities to improve outreach and economic development efforts in the region. The Laboratory is working with Los Alamos County to assist them in establishing a research and development park planned for land that would be leased from the Department of Energy. One major company, Motorola, has expressed an interest in moving its research and development branch to Los Alamos. The University is also negotiating with the Department to establish procurement policies that could require some vendors to establish a regional base and employ locally, in an effort to attract new businesses to the region.

The Laboratory provided a full-time staff member to the state of New Mexico's Office of State Economic Development Department. The staff member assisted the department in developing a strategic plan focused on business climate, emphasizing technology commercialization through new start-ups and enhancing the work force through quality education. The Laboratory also established an information technology partnership program with the state and collaborated on fourteen projects in the areas of computing and communications.

The Laboratory has partnered with the New Mexico Department of Labor, Northern New Mexico Community College, Santa Fe Community College, and the University of New Mexico-Los Alamos to develop a process that will promote efficient access to job opportunities in northern New Mexico. The objective is to create an electronic network of service providers in a central repository for access by current and prospective employers.

The Laboratory and the University of New Mexico-Los Alamos have partnered to design and implement a two-year Electro-Mechanical Technology program to provide a customized

associate degree in chemical technology. The program provides trainees with an internship at the Laboratory and courses through University of New Mexico-Los Alamos. There are currently 10 Laboratory employees in the program.

II.4.4.8 Future of the Site

LANL is not anticipating any major work force restructuring in FY 1998.

II.4.4.9 Accomplishments and Lessons Learned

Accomplishments and lessons learned include:

- The University of California has extended preference-in-hiring benefits to former LANL employees for UC employment as long as they re-certify their eligibility and interest on an annual basis.
- LANL has made accommodations to provide training to rehired employees within three months from the date of rehire, at no cost to the hiring organization.
- LANL requested and received Department of Energy and University of California approval to reinstate sick leave balances previously held by 3161 eligible former Laboratory employees when rehired by the Laboratory within three years from date of termination.
- LANL requested and received Department of Energy and University of California approval to reinstate vacation and sick leave accrual rates previously held by 3161 eligible former Laboratory employees when rehired by the Laboratory.
- LANL provides funding and support to the University of New Mexico/Los Alamos career center. Former employees are encouraged to use the support and services at the university career center, Community Colleges and Laboratory outreach centers.
- LANL continues to provide Tuition Reimbursement Program support of \$10,000 for four years. Approximately 198 eligible former employees (both involuntary and voluntary reduction) are using the tuition benefit.

II.4.5 Nevada Test Site

II.4.5.1 Background

The Nevada Test Site (NTS), located 65 miles northwest of Las Vegas, Nevada, is the nation's only facility for conducting underground nuclear weapons tests. The 1,350-square site is bordered on three sides by the Nellis Air Force Bombing and Gunnery Range.

In 1992, President George Bush signed into effect the Hatfield Amendment, which imposed a nine-month nuclear testing moratorium to be in effect until at least July 1, 1993. The Hatfield Amendment states that testing after July 1, 1993, is possible only upon submission of a report by the President indicating, *inter alia*, the number and type of nuclear weapons tests to be conducted. Subsequently, the President announced an extension of the moratorium during which time diplomatic negotiations of a comprehensive test ban are expected to proceed. A "no first" policy is now in place, which means the United States will not be the first to test a nuclear device. No testing has been conducted at the NTS since October 2, 1992.

II.4.5.2 History of Work Force Restructuring

Work force restructuring at the Nevada Test Site began in FY 1988. The site reduced over 1,200 employees prior to the implementation of section 3161. Between FY 1993 and FY 1996 there have been 3,858 separations, 52 percent were voluntary and 48 percent were involuntary. There have been early retirement incentives, non-retirement voluntary separations, involuntary separations, and positions reduced through attrition.

II.4.5.3 Current Work Force Restructuring

As a result of reduced work for others activities, and a need to reduce overhead staffing levels for efficiency of operations, the Nevada Operations Office performance based contract, Bechtel Nevada, separated 432 employees in FY 1997 (Exhibit II.9). All separations were involuntary, 236 with severance benefits and 196 without severance benefits. There were 270 separations through attrition. New hires exceeded gross attrition; therefore, there were no net positions reduced through attrition.

Outsourcing. Bechtel Nevada laid off 13 employees from the graphics organization in FY 1997. These employees all received the standard package of benefits as appropriate for their eligible service date, salary and elected insurance benefits. Through privatization initiatives of the Nevada Operations Office and Bechtel Nevada, these employees subsequently started their own graphics organization, Digital Ink. Digital Ink now provides graphic support to the Department, contractors, and other private companies.

Office of Worker and Community Transition

SITE: Nevada		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0			
2.0	Involuntary Separations (Severance Only)	432	\$2,160,813	\$5,002
2.1	With Benefits	236	\$2,160,813	\$9,156
2.1.1	Non-construction workers	236	\$2,160,813	\$9,156
2.1.2	Construction workers			
2.2	Without Benefits	196	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	432	\$2,160,813	\$5,002
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	6	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$2,109,631	
4.1	Displaced Worker Medical Benefits	469	\$514,632	\$1,097
4.2	Relocation Assistance	1	\$5,694	\$5,694
4.3	Separating or Separated Workers Using Outplacement	378	\$9,683	\$26
4.4	Education Assistance for Separated Workers	533	\$1,579,622	\$2,964
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$4,270,444	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	432	n/a	\$6,777
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	236	n/a	\$12,405
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.9 Nevada Work Force Restructuring Summary

Rehires. Bechtel Nevada rehired 24 individuals in FY 1997 who separated previously by a prime contractor at the site. Nineteen of these individuals were rehired as full-time employees and five were rehired as casual workers. The severance payback period had elapsed for all of these rehires. As these full-time employees were rehired their 3161 education and health benefits were terminated. However, the casuals workers may still be eligible for 3161 benefits depending upon their employment agreement with Bechtel Nevada. A recent Inspector General Audit found no cases of 3161 benefits being paid to individuals who were not eligible for the benefits.

II.4.5.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 totaled \$4.3 million, with an estimated fully-burdened cost of \$6,800 per separation (Exhibit II.9). The average severance cost for involuntary separation was \$9,200, with fully-burdened cost of \$12,400 with benefits. The average cost of: extended medical benefits was \$1,100, relocation assistance was \$5,700, outplacement was \$30, and education assistance was \$3,000.

The annual savings in salary and benefits for the 432 positions reduced is \$29.2 million, for a one-time cost of \$4.3 million.

II.4.5.5 Outplacement

Bechtel Nevada provides internal outplacement services in coordination with external services provided by the State of Nevada Job Training Office and Nevada Business Services. Services include career counseling, resume writing, access to computers and printers, including JOBBS, and the posting of job positions within other Department of Energy sites, local businesses and managing and operating contractor corporate offices. Nevada's Job Training Office conducts briefings that provided information about employment security, consumer credit counseling services and union apprenticeship programs.

In addition, the outplacement firm StarAccess provided its package career transition services for both the Department of Energy contractors, as well as Department of Energy federal employees.

Preference in Hiring. Bechtel Nevada looks at separated employees with preference-in-hiring first, when attempting to fill a position. The files of separated employees with preference-in-hiring are forwarded to supervisors for review. In FY 1997, Bechtel Nevada hired 24 individuals who were affected by a previous downsizing.

II.4.5.6 Status of Displaced Workers

Seventeen percent of the FY 1996 displaced workers from the Nevada Test Site responded to the Department of Energy Work Force Restructuring Questionnaire. Thirty-five percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Sixty-eight percent of all respondents indicated that they intended to seek full-time employment. Of those, 67 percent are currently employed full-time.

- Eight percent of all respondents indicated that they intended to seek part-time employment. Of those, 12 percent are currently employed part-time.
- Five percent of all respondents indicated that they intended to seek self-employment. Of those, 73 percent are currently self-employed.
- Eleven percent of all respondents indicated that they intended to retire. Of those, 78 percent are currently retired.

Twenty-four percent of the respondents indicated that they were eligible for preference-in-hiring status; nine percent reported they had applied for a job with preference-in-hiring status; while four percent of respondents had taken a job where they had preference-in-hiring status.

Forty-eight percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 72 percent felt the training/education they received was helpful in finding a new job. Twenty-two percent of respondents indicated that they used the outplacement center. Of those, 50 percent reported that it was helpful in finding employment. Overall, 47 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Ten percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the Nevada Test Site. Eighteen percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 43 percent stated that the plan benefits were clearly explained. Overall, 34 percent expressed satisfaction with their treatment during downsizing.

II.4.5.7 Community Transition

The Nevada Test Site Development Corporation (NTSDC) was created in June 1995 as the Community Reuse Organization (CRO) for community transition in the Nevada Test Site (NTS) area. It is a non-profit entity that facilitates the development of sustainable private, commercial activities which maximize utilization of Department of Energy resources, expand non-government opportunities, and add long-term value to the regional economy.

As of September 30, 1997, a total of \$8.7 million has been committed to the Community transition process in Nevada, \$6.2 million of which has been spent; \$3.8 million spent by the NTSDC and \$2.4 million spent by the Corporation for Solar Technologies and Renewable Resources (CSTRR). A total of 1,645 jobs have been created or retained, with an additional 643 projected by the year 2001 (Exhibit II.10).

Office of Worker and Community Transition

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$300,000	\$240,634	85	\$2,831	120
Financing Programs	\$2,800,000	\$1,118,000	113	\$9,894	150
Reuse of On Site Assets	\$100,000	\$80,000	11	\$7,273	50
Training	\$200,000	\$200,000	755	\$265	800
Land, Facilities, Research and Development Assistance	\$3,957,300	\$3,402,001	159	\$21,396	250
Planning / Program Management	\$1,362,700	\$1,184,691	514	\$2,305	903
Totals	\$8,720,000	\$6,225,326	1,645	\$3,784	2,288

Exhibit II.10 Nevada Community Transition Funding and Job Creation

The most significant accomplishment of the CRO is the positive change in the relationship between the business community and the Nevada Operations Office. The 60-member Board of Directors representing business, community, government, and education makes a positive statement that supports this change. The Nevada Operations Office has recognized the business community as a resource for bringing new opportunities to the NTS, thereby enhancing this public/private partnership. Of the many projects the NTSDC is pursuing, the Kistler Aerospace project, highlights this partnership approach.

The Kistler K1 Reusable Launch Facility is the first of many projects under consideration for siting at the NTS. This client alone has the potential for providing substantial financial support to the CRO with its success in launching commercial communications satellites using the worlds first fully reusable launch vehicle.

Financial support has also been extended to NRG Technologies, a Reno-based firm that has designed a kit to convert gasoline powered vehicles to a hydrogen natural gas mixture. NRG is also working with various clean air entities on a project that will help improve the environment. Another financial commitment in the alternative energy area is Hydrogen Enriched Lean Burn (HELB). This partnership develops the alternative fuel technology for the stationary engine of the future.

The NTSDC is working to designate the NTS as a National Hydrogen Test and Demonstration Center where hydrogen and other alternative fuel technologies can be tested and demonstrated. Rocky Research, a Nevada Corporation, is pursuing hydrogen alternatives for the air conditioning and chiller industries.

Additional projects include promoting the NTS as an ideal site for a national first responders training program for responding to situations created by weapons of mass destruction. The NTS is the only site where all training activities can take place concurrently. The NTSDC is also working with the Carpenters & Millwrights to facilitate property transfer from the Nevada Operations Office for use in the Carpenters new training facility.

The NTSDC is working with Fluid Tech, Inc., a company who decontaminates and certifies for reuse equipment that may have been contaminated. The company is operated by and employs former NTS workers. The NTSDC has also funded the privatization of two Bechtel Nevada departments. Digital Ink Design (DID), a firm started by two displaced workers from the Bechtel Nevada Graphics Department, has opened its doors, hired nine other displaced workers and negotiated a contract with the Nevada Operations Office that should save the government in excess of \$2 million over a five-year period. HealthWorks, a wellness program consulting firm, was also started by a displaced worker. This business offers a variety of health services to promote employee wellness, reduce medical claims, reduce absenteeism, and increased productivity.

Nye County, one of the four counties affected by downsizing, has begun negotiations with the NTSDC to study the potential of developing the Nevada Science and Technology Corridor, which will be adjacent to the NTS. The Corridor would house companies and projects that provide service and support to commercial occupants of the NTS.

In addition to NTSDC initiatives, the Nevada Operations Office provided a grant to the CSTRR, a non-profit corporation, to implement the Solar Enterprise Zone mission by aiding the advancement and commercialization of solar technology. Nevada Operations Office has agreed in principle to purchase up to 10 MW of solar power from the first CSTRR solar power plant to be sited on the NTS. To date, the CSTRR has identified an additional 83 MW of potential sales to various federal and non-federal customers that primarily reside in high rate areas. Developers have agreed to construct a photovoltaic manufacturing plant in southern Nevada, if CSTRR can secure 100 MW sales of solar power. The development of solar energy plants will create hundreds of construction jobs for each power plant sited in southern Nevada. Each facility, during operation, will provide two to six permanent jobs.

II.4.5.8 Future of the Site

Projections for FY 1998 indicate that Bechtel Nevada will separate less than a hundred employees. Budget allocations in early FY 1998 and the further need for efficiency of operations are the anticipated cause of these reductions. Any separations that take place are expected to occur sporadically throughout the year.

II.4.5.9 Accomplishments and Lessons Learned

- As an example of a successful transition, a safety specialist from Bechtel Nevada separated in 1996 and subsequently pursued a Tractor/Trailer Operator Program at a local trade school. Upon successful completion of this program, the specialist received his Commercial Driver's License. He successfully changed careers and gained employment in his new field.
- Bechtel Nevada has a successful preference-in-hiring program. In FY 1997, Bechtel Nevada hired 24 individuals who were affected by a previous downsizing.

II.4.6 Oak Ridge Complex

II.4.6.1 Background

The Oak Ridge Complex is a large and diverse multi-disciplinary enterprise that spans the technology development continuum from purely basic science to full-scale production deployment capability. The complex includes the East Tennessee Technology Park, the Y-12 Plant, the Oak Ridge National Laboratory, and the Oak Ridge Institute for Science and Education. These facilities have been developed over the past 50 years and provide a formidable resource to develop and deploy basic and applied research and production technologies to assist U.S. industry. Over the years, the missions of the Oak Ridge facilities have changed to reflect the nation's needs and global events.

East Tennessee Technology Park. The East Tennessee Technology Park (ETTP), formerly the K-25 site, was built in the 1940s as part of the U.S. Army's Manhattan Project and was home of the Oak Ridge Gaseous Diffusion Plant. The Plant's mission was production of highly enriched uranium for nuclear weapons. From 1964 to the mid-1980s, the Plant's primary mission was production of only slightly enriched uranium to be fabricated into fuel elements for nuclear reactors. By 1985, demand for enriched uranium had declined, and the gaseous diffusion cascades were placed in standby mode. In late 1987, the Department announced the decision to permanently shut down the diffusion cascades, and actions necessary to implement that decision fully were initiated soon thereafter. In 1997, the site was renamed East Tennessee Technology Park to reflect its new mission of reindustrialization and reuse of site assets through leasing to and partnering with private industry.

Y-12. The Y-12 Plant was also constructed as part of the World War II Manhattan Project. It originated as a facility to separate Uranium-235 used in the first atomic bomb. During the Cold War years the Plant became a precision manufacturing facility. With the end of the Cold War, Y-12's mission shifted from nuclear weapons component production to weapons disassembly, storage and management of special nuclear materials, and evaluation of the nuclear stockpile. The Plant's primary missions today include production of complex components and assemblies; safe and secure storage of nuclear materials; dismantlement, disposition, evaluation, and assessment of weapons components; transition of the plant size to meet Department needs; transfer of technology to private industry; maintenance of Department capabilities; and support of other national priorities.

Oak Ridge National Laboratory. The Oak Ridge National Laboratory (ORNL) was founded in 1942 during the Manhattan Project and is currently the largest of the Department's five multi-program energy laboratories. The mission of the Laboratory is to conduct basic and applied research and development in order to advance the nation's energy resources, environmental quality, and scientific knowledge and to contribute to educational foundations and national economic competitiveness. ORNL is a primary performer of research and development in the

basic energy science, energy efficiency, environmental science and technology, nuclear physics, and biological sciences.

Oak Ridge Institute for Science and Education. Oak Ridge Institute for Science and Education (ORISE) was established in 1946 to develop and provide capabilities critical to the nation's science and technology infrastructure, particularly in energy, education, health and the environment. The mission of ORISE includes developing critical research and operational capabilities in workforce health and safety, national security, environmental assessments, science education, and technical training for Department of Energy and other governmental agencies.

II.4.6.2 History of Work Force Restructuring

Work force restructuring within the Oak Ridge Complex begins with comprehensive work force planning. Under the direction of senior management and the human resources organization, programmatic budgets and needs are evaluated in regards to work force needs. Support and service organizations prepare work force projections in accordance with steadily declining overhead budgets. The results of all studies are compiled and reviewed at least annually by the managing and operating contractors and the Department.

Work force restructuring at the Oak Ridge Complex began in FY 1993. There were 2,250 separations from FY 1993 through FY 1996, 76 percent were voluntary and 24 percent were involuntary.

ETTP and Y-12. From FY 1993 through FY 1996 there have been six work force restructuring activities at ETTP and Y-12. Of the total separations, 86 percent were voluntary and 14 percent were involuntary reductions. Voluntary programs have included two retirement incentives (in 1994 and 1996) and four Voluntary Reduction-in-Force (VRIF) programs (i.e. normal severance packages). The voluntary reductions have served to reduce involuntary reductions considerably while preserving the critical skills necessary to support the facility's missions.

ORNL. From FY 1993 through FY 1996, there have been seven work force restructuring programs at ORNL. Each program included a voluntary opportunity to minimize the number of involuntary reductions. Of the total separations, 81 percent were voluntary and 19 percent were involuntary reductions. Voluntary programs have included one retirement incentive in FY 1994, one enhanced severance package in FY 1996, and five VRIF packages. These voluntary programs have helped to successfully mitigate involuntary reductions and have also ensured the preservation of critical skills needed to meet ORNL's multi-program research and development mission. Major laboratory initiatives in neutron sciences, functional genomics, and high-performance computing require the addition of specialized scientific and technical staff concurrent with restructuring in declining or completed programs. Members of the scientific and technical staff are generally not interchangeable between disciplines and may not be

interchangeable within a discipline. Work force additions occur in areas where the needed expertise is not available. The Laboratory's work force changes, including concurrent separations, are consistent with its mission.

ORISE. Work force restructuring at ORISE began in FY 1995. Because ORISE did not receive funding for work force restructuring in FY 1995 and 1996, an enhanced voluntary separation program was not offered. However, a voluntary separation program, without enhanced severance, was offered on a limited basis. Of the total separations in FY 1995 and 1996, 37 percent were voluntary and 63 percent were involuntary reductions.

II.4.6.3 Current Work Force Restructuring

A total of 1,587 positions at the Oak Ridge Complex were reduced in FY 1997, 60 percent voluntary and 40 percent involuntary (Exhibit II.11).

ETTP and Y-12. In early FY 1997, ETTP and Y-12 projected a need to reduce the work force by up to 1,400 positions during FY 1997. In January and March 1997, 548 employees were separated including 16 percent voluntary and 84 percent involuntary reductions. In September 1997, an additional 165 employees were separated including 65 percent voluntary and 35 percent involuntary. The percentage of voluntary reductions in FY 1997 was lower since the personnel reduction targeted specific programs and the success of previous programs has continued to reduce the number of employees eligible for early retirement or would otherwise be interested in voluntary departure.

ORNL. In early FY 1997, ORNL projected a need to reduce the work force by up to 230 positions during FY 1997. In March 1997, 93 employees were separated including 55 percent voluntary and 45 percent involuntary reductions. In September 1997, an additional 83 employees were separated including 66 percent voluntary and 34 percent involuntary. The percentage of voluntary reductions in FY 1997 was lower than in prior years due to a decreasing number of retirement eligible employees and a decreasing number of the employee population who finds this severance package attractive.

ORISE. In early fiscal year 1997, ORISE projected a need to reduce the work force by approximately 50 positions during FY 1997. Reductions have taken place throughout the year for a total of 51 separations, of which 21 were involuntary reductions, one retirement and 29 through normal attrition.

Office of Worker and Community Transition

SITE: Oak Ridge		FY 1997		
		Workers (1)	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	956	\$14,915,400	\$15,602
1.1	Early Retirement (Note 2)	224	\$10,080,000	\$45,000
1.2	Non-Retirement Voluntary Separations (Severance Only)	292	\$4,835,400	\$16,560
1.3	Net Positions Reduced Through Attrition	440	\$0	\$0
2.0	Involuntary Separations (Severance Only)	631	\$4,821,121	\$7,640
2.1	With Benefits	627	\$4,821,121	\$7,689
2.1.1	Non-construction workers	627	\$4,821,121	\$7,689
2.1.2	Construction workers			
2.2	Without Benefits	4	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	1,587	\$19,736,521	\$12,436
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	217	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites	2	\$0	\$0
4.0	Other Benefits Provided		\$2,242,963	
4.1	Displaced Worker Medical Benefits	496	\$1,273,376	\$2,567
4.2	Relocation Assistance	6	\$9,911	\$1,652
4.3	Separating or Separated Workers Using Outplacement	1,391	\$816,058	\$587
4.4	Education Assistance for Separated Workers	96	\$143,618	\$1,496
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$21,979,484	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	1,587	n/a	\$14,318
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	292	n/a	\$19,809
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	627	n/a	\$10,938
9.0	Other Separations	99	\$240,031	\$2,425
9.1	Voluntarily Separated	9	\$32,259	\$3,584
9.2	Involuntarily Separated	90	\$207,772	\$2,309

Exhibit II.11 Oak Ridge Work Force Restructuring Summary

Outsourcing. Lockheed Martin Energy Systems (LMES), a prime contractor within the Oak Ridge Complex, has outsourced Information Resource Management resulting in four separations. LMES is continuing to evaluate work and support processes at both ETTP and Y-12 in order to reduce time and cost and to achieve improved quality and services. In conjunction with these initiatives, LMES is continuing to perform make-or-buy analyses of many support and service functions to determine if significant savings would be achieved by outsourcing.

Rehires. There were six employees who were separated and rehired after receiving benefits. Repayment of severance is determined by the amount of severance and the length of time out of

work. If the amount of severance received covered a period exceeding the time out of work, then a prorated share of the severance benefit was repaid.

II.4.6.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$22 million, with an estimated fully-burdened cost of \$14,300 per separation (Exhibit II.11). The average incentive cost of non-retirement voluntary separation was \$16,600, with a fully-burdened cost of \$19,800 with benefits. The average severance cost of an involuntary separation was \$7,700, with fully-burdened cost of \$10,900 with benefits. The average cost of: extended medical benefits was \$2,600, relocation assistance was \$1,700, outplacement assistance was \$600, and education assistance was \$1,500.

The annual savings in salary and benefits for the 1,587 positions reduced is \$107 million, for a one-time cost of \$22 million.

II.4.6.5 Outplacement

Lockheed Martin Energy Systems, a prime contractor within the Oak Ridge Complex, operates a career center for the use of all Department of Energy federal, contractor and subcontractor displaced employees. The career center is operated as a team effort by Lockheed Martin Energy Systems and StarAccess. The career center offers a variety of services such as resume preparation; correspondence assistance; computer access; job-search training; one-on-one counseling; copy, fax and telephone service; workshops; reference library; unadvertised job leads; and success teams. In FY 1997, the career center moved to an off-site location and doubled space, adding 41 computers for the use of contractor employees affected by downsizing efforts. In addition to the Career Center, job-search counselors are provided by StarAccess, which is funded by the Office of Worker and Community Transition. In FY 1997 approximately 1,300 contractor employees used the Career Center services. Almost 100 workshops were offered by the Center with over 1,600 in attendance. In addition, almost 50 Brown Bag and Success Team meetings were held with approximately 400 in attendance. A local job-lead developer has posted over 11,000 jobs since January 1997. The developer has concentrated his efforts in finding jobs in the East Tennessee area since many of the local employees do not want to move to another location. While it is very difficult to keep track of former employees who have taken other jobs since receiving layoff notices, the career center has had approximately 294 former employees notify them that jobs were found.

Preference in Hiring. Each contractor has established policies for implementing the preference-in-hiring requirement. Generally, all contractors are required to post resumes for displaced worker onto the Job Opportunity Bulletin Board System (JOBBS). Employees eligible for the

preference are identified as Cold War workers. Whenever openings occur, employees currently on an impacted list with reduction-in-force notices in-hand are considered for first job priority placement. Next, the positions are open for internal job bids with the company. If no qualified candidates are found internally, the staffing offices of each contractor consults the JOBBS database and looks for displaced workers who are identified as Cold War workers. Finally, priority is given to former company employees who are qualified for the job. There are 558 separated workers eligible for preference-in-hiring consideration and 47 employees were placed due to their preference-in-hiring status.

II.4.6.6 Status of Displaced Workers

Sixteen percent of the FY 1996 displaced workers from the Oak Ridge Site responded to the To the Department of Energy Work Force Restructuring Work Force Restructuring Questionnaire. Fifty-seven percent of the respondents reported that they had left the work force involuntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Fifty-five percent of all respondents indicated that they intended to seek full-time employment. Of those, 53 percent are currently employed full-time.
- Eleven percent of all respondents indicated that they intended to seek part-time employment. Of those, 20 percent are currently employed part-time.
- Three percent of all respondents indicated that they intended to seek self-employment. Of those, 60 percent are currently self-employed.
- Twenty-five percent of all respondents indicated that they intended to retire. Of those, 100 percent are currently retired.

Thirty-one percent of the respondents indicated that they were eligible for preference-in-hiring status; 14 percent reported they had applied for a job with preference-in-hiring status; while one percent of respondents had taken a job where they had preference-in-hiring status.

Twenty-one percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 72 percent felt the training/education they received was helpful in finding a new job. Sixty-one percent of respondents indicated that they used the outplacement center, and 59 percent of those using the service reported that it was helpful in finding employment. Overall, 48 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

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Eleven percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the Oak Ridge Site. Fourteen percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 42 percent stated that the plan benefits were clearly explained. Overall, 36 percent expressed satisfaction with their treatment during downsizing.

II.4.6.7 Community Transition

The Community Reuse Organization of East Tennessee (CROET) was established in November 1995, replacing the East Tennessee Economic Council as the local Community Reuse Organization (CRO). The CROET is a non-profit economic development organization whose purpose is to assist the private sector in creating quality jobs in the region by using the under-utilized land, facilities, equipment, personnel, and technologies available at the Oak Ridge Complex. As the CRO for the region, CROET provides the community's single voice to the Department for community transition issues.

As of September 30, 1997, a total of \$40.3 million has been committed to the CRO and the Management and Operating (M&O) contractor; \$33.8 million of which has been spent. A total of 2,901 jobs have been created or retained, with an additional 3,079 projected by the year 2001 (Exhibit II.12).

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development					
Financing Programs	\$2,000,000	\$1,859,176	198	\$9,390	400
Reuse of On Site Assets	\$2,700,000	\$292,957	62	\$4,725	279
Training	\$18,772,000	\$17,749,936	1,225	\$14,490	1,286
Land, Facilities, Research and Development Assistance	\$15,175,000	\$12,751,355	1,413	\$9,024	4,000
Planning / Program Management	\$1,605,000	\$1,133,793	3	\$377,931	15
Totals	\$40,252,000	\$33,787,217	2,901	\$11,647	5,980

Exhibit II.12 Oak Ridge Community Transition Funding and Job Creation

The CROET is committed to a number of local economic development initiatives outlined in its East Tennessee 2001 plan. These initiatives include: the reindustrialization of the East Tennessee Technology Park (ETTP), development of a greenfield industrial park, the funding of

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various private and local government entities to promote regional workforce development, the promotion of regional research and development initiatives, and the facilitation of community transition and economic diversity. In addition, the CROET continues its New Business Development initiative that provides small business assistance and access to a revolving loan fund. These programs have created a total of 198 new jobs in Fiscal Year 1997.

Reindustrialization efforts have created 125 new jobs. Six private companies are currently leasing space at the East Tennessee Technology Park. These companies employ 62 individuals. An additional seven companies are in the process of negotiating lease agreements at the East Tennessee Technology Park. This initiative has been a highly successful part of transitioning from the Department of Energy to the private sector.

Local communities and industries have enthusiastically contributed matching funds to the East Tennessee 2001 Regional Economic Diversification and Regional Workforce Development projects. Through loans, donations, and other funding sources, they have raised \$2 million in cash or in-kind matching contributions to leverage federal funds. The New Business Development initiative, also managed by the CROET, has created 94 new jobs during Fiscal Year 1997.

Reindustrialization is also a focus of the Oak Ridge Operations site. The Oak Ridge Operations Office, with assistance from its M&O contractor and the CROET, is leading the Vision 2010 effort to reindustrialize the ETTP. By 2010, the ETTP will be defederalized, making its physical and infrastructure assets available to a wide variety of potential users. This will be accomplished through facility reuse, facility and material recycling and asset leasing and divestiture.

Lockheed Martin Energy Systems manages the Manufacturing Skills Campus, which is an on-site training program designed to achieve a dual mission of retraining workers to maintain national security core competencies and transferring skills to private sector customers. The Skills Campus complements existing educational programs and facilitates partnerships that improve the region's manufacturing education and training systems.

In the past several years, the Manufacturing Skills Campus efforts have resulted in \$13.2 million of private sector impact, retraining over 2,500 Y-12 workers, and training over 2,000 private sector participants. This training has resulted in over 1,000 new or retained jobs, including 15 new jobs created in FY 1997, and enabled over 60 businesses to expand since its inception.

II.4.6.8 Future of the Site

The East Tennessee Technology Park will be undergoing major changes in the next fiscal year as it changes from a Management and Operating (M&O) contract to a Management and Integration (M&I) contract. In order to minimize transition costs, the majority of the current ETTP workforce will transfer to the M&I or one of its principle subcontractors or remain in the current contractor workforce.

The mission of the ETTP has evolved into the reindustrialization and reuse of site assets (i.e., facilities, equipment, materials, utilities, and trained workforce) through leasing of vacated facilities and incorporation of commercial industrial organizations as partners in the ongoing environmental restoration, decontamination and decommissioning, waste treatment and disposal, and diffusion technology development activities.

In the future, the Y-12 Plant will be integrating manufacturing, engineering, and development technologies with an emphasis on protecting the environment, and the health and safety risks of the public employees.

ORNL is facing change related to several areas of the Environmental Management programs: waste management, environmental restoration, and technology development. The new management and integration contract for environmental management of the Oak Ridge facilities is expected to result in changes in responsibilities for these Environmental Management programs or components.

Contractor employment within the Oak Ridge Complex is expected to be stable with a gradual decline in Departmental demands offset by new private enterprise.

II.4.6.9 Accomplishments and Lessons Learned

There have been a number of accomplishments and lessons learned at the Oak Ridge Complex to mitigate the impact of work force restructuring.

Accomplishments:

- *Supervisor Training.* A formal workshop entitled *Notifier Training* is conducted for supervisors who give reduction-in-force notices to their staff members. This training prevents many misunderstandings that arise between the company and/or supervisors and the affected employees.
- *Talent Profile.* The StarAccess Talent Profile Program has been successful. Each impacted employee can work with a counselor to develop a short paragraph stating his or

her qualifications. These paragraphs are compiled into a talent profile booklet that is distributed to approximately 500 employers. Interested companies then request copies of full resumes. To date requests have been received for over 1,200 resumes.

- *Reduced Work Week.* ORISE has instituted a reduced work week for some employees when current funding was insufficient to maintain a full-time work week, but there was still a chance that additional funding would be provided, permitting them to return to a full work week. This has been beneficial for employees because it has allowed them to keep their benefits, even though their hours were temporarily reduced. It has also been beneficial for the organization and the Department, because it has averted the need for a RIF, loss of valuable employees, and the expenditure of funds on RIF benefits and cost of hiring new employees.

Lessons Learned:

- ORNL work force planning draws on input from, and review by, a number of individuals including the individual project managers, program managers, budget and finance staff, executive management, human resources, and Oak Ridge Operations Office staff.
- Informal, facilitated roundtable discussions for ORNL managers who have been involved in previous downsizing will be offered to managers in preparation for future downsizing. The purpose of these sessions is to share information and lessons learned.
- The Career Center maintains a World Wide Web page (www.ornl.gov/career) and encourages people receiving involuntary reduction-in-force notices to submit resumes for inclusion in the resume listing maintained on the web page.
- The Employee Assistance Program has presented effective sessions on stress management that address low morale in the workplace.
- Moving the Career Center off-site has increased the percentage of users, and resulted in a higher rate of customer satisfaction and positive feedback.
- The transition staff cannot give false hopes to impacted employees and still maintain their credibility. It is important for the transition staff to not promise jobs. Some employees are more naturally placed into jobs than other employees. The transition staff must try equally to place all employees, but must encourage the employees to take an active part in the job search.
- Attention has been placed on those employees who remain after work force restructuring. ORISE participated in a study of the survivor syndrome affecting remaining workers. This study was completed by an employee working on her Masters thesis.

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- All M & O contractor facilities formed reduction-in-force review committees to review the RIF decisions and justifications of all RIFs prior to their being approved by top management. During the committee meetings, special attention is paid to diversity considerations and impact, including race, gender, disability, age, national origin, performance and company service. The committee is concerned with preserving specialized skills and competencies needed by the organization.

II.4.7 Ohio Field Office

II.4.7.1 Background

The Ohio Field Office, chartered in May 1994, manages multiple sites that were previously managed by separate Operations Offices. Since each of these sites are currently dedicated to environmental cleanup, the Department found it best to establish one office in Ohio to coordinate multiple site needs. The Ohio Field Office is responsible for environmental restoration, waste management, and other Department of Energy mission activities at five sites, four in Ohio and one in New York. Of those sites, only two - Fernald and Mound - qualify as defense nuclear facilities.

Fernald. The Fernald Environmental Management Project, formerly known as the Feed Materials Production Center, comprises approximately 1,050 acres and is located about 20 miles northwest of Cincinnati, Ohio. Between 1953 and 1989, the center produced slightly enriched or depleted uranium products for use in production reactors to make plutonium and tritium at other Department of Energy sites. In July 1989, uranium metal production was suspended to refocus resources on environmental restoration.

Mound. The Miamisburg Environmental Management Project, formerly known as the Mound Laboratory or Mound Plant, comprises approximately 300 acres and is located about 10 miles southwest of Dayton, Ohio, in the City of Miamisburg. From 1948 to 1995, the laboratory produced a variety of nuclear materials and nuclear weapons parts, and provided maintenance on the weapons stockpile. In 1993, the Department announced the final reconfiguration of the nuclear weapons complex. Mound was slated for cleanup and closure, and transition to the local community for future reuse. Beginning in 1994, production was transferred to other Department of Energy sites and resources were directed to environmental cleanup.

II.4.7.2 History of Work Force Restructuring

Fernald. There were two work force reductions at Fernald between FY 1993 and FY 1996. One involuntary separation of approximately 200 employees occurred in FY 1993, and one voluntary separation program of about 400 employees was implemented in FY 1995 and FY 1996. A total of 1,007 employees were separated from FY 1993 through FY 1996, including attrition. Of these, 81 percent were voluntary and 19 percent were involuntary.

Mound. There were two work force reductions at Mound between FY 1993 and FY 1996; one in FY 1994 and another in FY 1996. A total of 827 employees were separated from FY 1993 through FY 1996, 93 percent were voluntary and seven percent were involuntary.

II.4.7.3 Current Work Force Restructuring

During FY 1997, cleanup schedules were aligned with the Office of Environmental Management's *Accelerating Cleanup: Focus on 2006* plan, and the Ohio Field Office Strategic Plan. Ohio's Vision is to achieve closure of all sites by 2005. In July 1997, the Secretary of Energy approved the Ohio Field Office *Work Force Restructuring Plan*, an umbrella plan covering future work force reductions at Fernald and Mound. The plan lays out the Department's preferred strategy for future work force changes at Fernald and Mound. The site contractor will make decisions on when work force changes are needed, considering a variety of factors, such as cost, worker skill mix, and cleanup schedules when doing so. Changes to the plan may result from future policy or program changes. Because Fernald and Mound face closure within a decade, workers need to begin planning for the eventual loss of their jobs.

Fernald. There were no net reductions at Fernald during FY 1997 (Exhibit II.13) .

Mound. In February 1997, an involuntary lay off was required, affecting approximately 25 people, which completes the reductions under the 1994 Work Force Restructuring Plan.

A new site operating contractor (Babcock and Wilcox of Ohio) was chosen at Mound on August 1, 1997, and began operations under a performance-based completion contract on October 1, 1997. Prior to their startup, the contractor team offered employment to an estimated 760 out of the 860 Mound workers. Of those offers, about 700 accepted positions with the new contractor team. Those who did not accept employment offers and those who did not receive offers of employment, either retired or were separated on September 30, 1997. Total separations for all of FY 1997 were 184; 15 percent voluntary and 85 percent involuntary (Exhibit II.14).

Outsourcing. There were no outsourcing activities at Mound in FY 1997. Fernald identified two privatization projects for potential outsourcing in the future.

Rehires. The prime contractor at Mound or Fernald did not rehire any employees who were voluntarily separated.

II.4.7.4 Costs and Cost Savings

Fernald. The total work force restructuring cost incurred in FY 1997 was \$11,000 for educational assistance provided to three employees who were previously separated (Exhibit II.13). The average cost per recipient was \$3,700.

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SITE: Fernald		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	0	\$0	\$0
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$11,019	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers	3	\$11,019	\$3,673
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$11,019	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	0	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.13 Fernald Work Force Restructuring Summary

Mound. The total work force restructuring cost incurred in FY 1997 was \$3.3 million, with an estimated fully-burdened cost of \$17,600 per separation (Exhibit II.14). The average cost of early retirement was \$22,000. The average incentive cost of non-retirement voluntary separation was \$7,600, with a fully-burdened cost of \$10,900 with benefits. The average severance cost of an involuntary separation was \$18,800, with fully-burdened cost of \$22,100 with benefits. The average cost of: extended medical benefits was \$3,700, relocation assistance was \$1,900, outplacement was \$400, and education assistance was \$2,000.

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SITE: Mound		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	28	\$51,580	\$1,842
1.1	Early Retirement	2	\$43,952	\$21,976
1.2	Non-Retirement Voluntary Separations (Severance Only)	1	\$7,628	\$7,628
1.3	Net Positions Reduced Through Attrition	25	\$0	\$0
2.0	Involuntary Separations (Severance Only)	156	\$2,711,197	\$17,379
2.1	With Benefits	144	\$2,711,197	\$18,828
2.1.1	Non-construction workers (1)	144	\$2,711,197	\$18,828
2.1.2	Construction workers			
2.2	Without Benefits	12	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	184	\$2,762,777	\$15,015
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$534,024	
4.1	Displaced Worker Medical Benefits	42	\$154,830	\$3,686
4.2	Relocation Assistance	2	\$3,895	\$1,948
4.3	Separating or Separated Workers Using Outplacement	48	\$18,040	\$376
4.4	Education Assistance for Separated Workers	176	\$357,259	\$2,030
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$3,296,801	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	184	n/a	\$17,575
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	1	n/a	\$10,877
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	144	n/a	\$22,077
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.14 Mound Work Force Restructuring Summary

The annual savings in salary and benefits for the 184 positions reduced is \$12.4 million, for a one-time cost of \$3.3 million.

II.4.7.5 Outplacement

The Department of Energy is committed to helping workers plan for their eventual transition to new careers after employment at Fernald and Mound. Outplacement services provide each site worker access to skill assessments, workshops, resource libraries, and automated job listings,

such as the Department's Job Opportunity Bulletin Board System (JOBBS). These services help meet the spirit of section 3161 in assisting workers.

Fernald. The two Career Development Centers at Fernald, one located on-site and the other located off-site, provide a wide variety of services to all site workers whose positions are identified for reduction within a two-year period. Employees can use the center and its professionally trained career counselors to develop and up-grade skill levels to maintain internal employment for as long as possible, and prepare for opportunities to transition to external employment when necessary. Career assessment options provide guidance in identifying skills, abilities, and preferences, as well as help in exploring options for the future, developing career goals, and writing career development plans. Workshops focus on skills needed to prepare for the changing job market and include resume development, interviewing techniques, job search and networking strategies, negotiation skills, and coping and stress management seminars.

Mound. The Mound Transition Center, located in a separate building on-site, provides a quiet location for affected workers to obtain outplacement services provided by the Department of Energy through StarAccess, Incorporated. StarAccess provides career transitions services, one-one counseling, outplacement workshops, and online outplacement services.

Preference in Hiring. Fernald and Mound held hiring to a minimum during FY 1997. Both sites replaced critical positions that opened due to attrition by providing the first opportunity for new or open positions to the existing work force. At Fernald, the site contractor hired several security personnel from a sister site. At Mound, the few positions requiring rehiring were filled through reassignments and recall measures, consistent with labor agreements.

Workers who were involuntarily separated are eligible for preference-in-hiring, if they meet qualification criteria. To date, there have been few opportunities at either Ohio site for eligible workers to exercise that preference because both sites have been in an overall reduction mode. As a part of the recently approved Work Force Restructuring Plan for the Ohio Field Office, however, both site contractors will have written policies and procedures for the uniform treatment of anyone exercising a section 3161 preference-in-hiring eligibility for any new or open employment opportunities.

II.4.7.6 Status of Displaced Workers

The results of the Department of Energy Work Force Restructuring Questionnaire for workers separated in FY 1996 were not available at the time this report was published.

II.4.7.7 Community Transition

As each Ohio Field Office site completes environmental cleanup projects, a variety of site assets, such as land, buildings, and equipment, will become available. Both Fernald and Mound sites are working with the local communities to develop and implement future reuse options, consistent with community desires. At the Ohio Field Office, a personal property disposal process provides for the discounted sale of surplus equipment to each local community. For the buildings and land, a team of Federal and community representatives are developing a strategy and process for the sale of the Mound site to the local community. The ultimate sale process will also apply to Fernald at a later date.

Fernald. During FY 1997, the Fernald Community Reuse Organization (CRO) was formed to enable the local community to further define future use plans for the site. It is the intent of the Fernald Community Reuse Organization to work as a group of interdependent communities, sharing resources and participating in long-range planning to provide a safe, family-centered environment that protects the human and the environment health and welfare of all. The organization focuses on the reuse of Fernald property, equipment, and resources, including the Fernald work force.

The Department awarded an initial start-up grant of \$150,100 to the CRO, which in turn awarded a contract to Paddock Management Services, a local economic development firm, to provide technical services necessary to determine future reuse options. Jobs are not expected to be created through a start-up grant. Some of the uses of a start-up grant include development of: a public participation plan; a scope of work for a community transition plan; and a proposal for planning assistance.

Mound. During the past year, the Mound Reuse Committee and the Miamisburg Mound Community Improvement Corporation (MMCIC) continued efforts to develop the Mound Advanced Technology Center, housing private sector companies as part of the community's vision for the future of the site. Negotiations continued between the MMCIC and the Department of Energy on the ultimate sale of the site to the community.

As of September 30, 1997, a total of \$14.7 million has been committed to the CRO since FY 1994; \$6.7 million of which has been spent. Approximately 250 jobs have been created or retained, and the CRO projects an additional 583 projected by the year 2001 (Exhibit II.14).

Under the incubator program, 26 private businesses employ about 250 people, offering world-class testing, diagnostic and analytical capabilities for solving manufacturing process and product problems. These capabilities attract manufacturing companies to the Mound Advanced Technology Center and the region.

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FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development					
Financing Programs					
Reuse of On Site Assets	\$14,700,000	\$6,655,711	241	\$27,617	833
Training					
Land, Facilities, Research and Development Assistance					
Planning / Program Management					
Totals	\$14,700,000	\$6,655,711	241	\$27,617	833

Exhibit II.15 Mound Community Transition Funding and Job Creation

The contractor maintained six technology development user centers as part of the Department's commitment to promote the reuse of Mound facilities. Welding technology, flexible circuit fabrication, metrology, environmental testing, microelectronics, and brick-maker user centers support seven employee start-up businesses, prior to leasing facilities from the MMCIC.

In FY 1997, the MMCIC developed a comprehensive reuse plan. The community's plan, using market and economic assessments and community input, identifies deficiencies in the physical components of the site, such as buildings and infrastructure, which may require correction to improve the site's commercial viability. An analysis of these deficiencies indicates that \$45 to \$50 million is necessary to make changes so the site is viable for industrial reuse.

On January 26, 1998 the Department signed an agreement with MMCIC transferring ownership of the site. The agreement was a significant achievement given the complexities of dealing with a Superfund site and the nature of the authorities provided by Federal law. In response to the patchwork of authorities, the Ohio Congressional delegation introduced legislation to extend the property disposal authorities, now provided solely to the Department of Defense, to the Department of Energy.

II.4.7.8 Future of the Sites

When Fernald and Mound close, nearly 3,000 contractor employees will no longer be performing work for the Department. There is no promise of long-term employment for Department of Energy work at these sites. The Department is working with community reuse organizations to identify reuse options for the assets of each site. The goal is to encourage communities to shift from dependence on the Department as a key source of employment to dependence on private sector business activity.

Fernald. An independently validated project baseline supports the site's accelerated cleanup schedule. A disciplined work force planning process is being integrated with the project baseline to provide management and workers with a two year planning horizon of required staffing levels and skill requirements. This information will enable management and workers to make informed decisions relative to future employment opportunities at the site, or at other locations.

Mound. Babcock and Wilcox of Ohio anticipates completion of cleanup at Mound, with site closure, by February 2003. Their contract includes a disciplined work force planning process which identifies anticipated interim and final project completion. The community will use the information to attract private industry to the area and to help workers transition to the private sector.

The MMCIC at Mound is now focusing on attracting established business firms to the site. With the support of Ohio's Department of Development, aggressive marketing of emerging technology opportunities is now underway. Utilizing the University of Dayton Center for Business and Economic Research and the University's Research and Development Institute, an effective reuse of Mound's state-of-the-art destructive testing capability has been initiated in FY 1997. In addition, a collaborative relationship between two Ohio defense conversion metrology laboratories is being pursued, which could make the state a focal point in this increasingly important field.

II.4.7.9 Accomplishments and Lessons Learned

The numerous accomplishments of the Department of Energy, site contractors, community reuse organizations, and economic development agencies, support the ultimate completion of cleanup and transition to the communities by the year 2006. This is consistent with the vision outlined in the Department's *Accelerating Cleanup: Focus on 2006* plan. Accomplishments in FY 1997 include the following in chronological order:

- The Department issued a Request for Proposal for a new contract at the Mound site that includes specific clauses dealing with comparable wages and benefits for site workers, continuity of employment for the represented work force, and cooperation with the local community on economic development matters.
- The Mound Labor Partnership Council was established of senior people from the Department, contractor management, and the represented work force to promote weekly discussion on issues of mutual interest and to improve safety, communication, and working relationships. Regular group meetings were also held at Fernald and Mound to discuss work force issues.

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- The Ohio Strategic Plan was published and presents project time lines and strategies for interim and final project completion at each Ohio Field Office site.
- A second Fernald Career Development Center was opened on-site in FY 1997. Participation in the Center's training and self-help activities has averaged 235 people per month.
- The Fernald Community Reuse Organization began to assess future re-use options for the Fernald site.
- A Comprehensive Reuse Plan for the Mound site was completed. There were continuing negotiations for the sale of the Mound site to the Miamisburg Mound Community Improvement Corporation.
- Fluor Daniel Fernald, Inc. (FDF), the current contractor at the Fernald site, developed and began to implement a number of creative human resource programs to facilitate retention of necessary skills and to assist the transition of workers to other employment as the need for their particular skills is reduced. Many of FDF's initiatives in the work force planning area have been endorsed by the Office of Worker and Community Transition for use by contractors throughout the Department's complex.
- Fernald and Mound have been active in the Community College Network (C2NET) initiatives of the Department. Both sites have active programs with local community colleges identifying future career opportunities and education and training paths for site workers.
- Legislation was introduced through the Ohio Congressional delegation to extend legal authorities for property transfer for the Department of Defense to the Department of Energy.
- A unique training program was conducted with CSX Corporation and C2NET for future employment of Fernald workers
- The umbrella *Work Force Restructuring Plan* for future work force changes at Ohio sites was approved.
- Two education fairs were hosted for Fernald workers. Over 20 technical, vocational, and college institutions participated, meeting with about 85 percent of the Fernald work force.
- Babcock and Wilcox of Ohio was selected as the contractors for the Department's first "Exit and Closure" contract at Mound.

II.4.8 Pantex Plant

II.4.8.1 Background

The Pantex Plant, located in Amarillo, Texas, provides the capabilities to assemble nuclear and nonnuclear components into nuclear weapons, to disassemble retired nuclear weapons, and to perform surveillance activities to ensure stockpile reliability and safety. The Pantex Plant has been operating as a nuclear weapons facility for 40 years.

As a Department of Energy facility, Pantex works in partnership with laboratories, universities and industry to enhance the security of the nation. The Plant is devoted to leadership in applying the best integration of nuclear weapons assembly, disassembly, surveillance, modification, component testing and security; development, fabrication, and testing of chemical and high explosive components; interim storage of plutonium pits from dismantled weapons; evaluation, repair and retrofit of nuclear weapons; and nuclear weapons component demilitarization and sanitation.

II.4.8.2 History of Work Force Restructuring

There were no work force restructuring efforts prior to FY 1997.

II.4.8.3 Current Work Force Restructuring

With the end of the Cold War, Pantex converted from being the only nuclear weapons assembly plant in the United States to the only nuclear weapons disassembly plant in the United States. In April 1996, in response to funding cutbacks of \$28 million over a two year period, Pantex's first work force restructuring plan was created and implemented. This translated into separating approximately 350 positions for FY 1997 and FY 1998. Realizing the impact of this reduction on the work force, senior management immediately established an external hiring freeze with exceptions requiring General Manager approval.

The specific goals of the work force planning and restructuring processes were to retain critical skills, minimize involuntary layoffs, streamline the infrastructure, support weapons programs requirements, and support the Department's key initiatives.

As attrition occurred without replacement, senior management saw the opportunity to collapse divisions, integrate departments, and reduce duplicity of effort among the work force. The Plant could then reorganize into a leaner, more efficient structure. Management was able to eliminate twelve departments from six of the fourteen divisions and reduce the number of divisions from fourteen to thirteen. There were 407 total separations, all voluntary, including 65 net positions

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reduced through attrition (Exhibit II.16).

SITE: Pantex		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	407	\$9,694,482	\$23,819
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	342	\$9,694,482	\$28,346
1.3	Net Positions Reduced Through Attrition	65	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	407	\$9,694,482	\$23,819
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	80	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$169,643	
4.1	Displaced Worker Medical Benefits	89	\$92,406	\$1,038
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	81	\$53,682	\$663
4.4	Education Assistance for Separated Workers	22	\$23,555	\$1,071
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$9,864,125	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	407	n/a	\$26,549
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	342	n/a	\$31,595
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.16 Pantex Work Force Restructuring Summary

Outsourcing. There was no outsourcing at Pantex in FY 1997.

Rehires. There were no employees who were separated in FY 1997, and rehired after receiving benefits. There were no positions filled in FY 1997 that were previously vacated through restructuring.

II.4.8.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$9.9 million, with an estimated fully-burdened cost of \$26,500 per separation (Exhibit II.15). The average incentive cost of non-retirement voluntary separation was \$28,300, with a fully-burdened cost of \$31,600 with benefits. The average cost of: extended medical benefits was \$1,000, outplacement was \$700, and education assistance was \$1,100.

The annual savings in salary and benefits for the 407 positions reduced is \$27.5 million, for a one-time cost of \$9.9 million.

II.4.8.5 Outplacement

Employees who left Pantex through the VSIP were offered outplacement assistance from the outplacement firm, StarAccess. StarAccess provided a full range of outplacement services which included performing job searches, developing and maintaining job leads, assisting with resume creation, reproduction and mailing, maintaining job market information, publicizing terminated workers' skills, and facilitating registration with government bureaus and services. A Career Transition Center was available with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Transition Center were offered workshops on topics such as resume writing, interviewing skills, career assessment, job search techniques, and personal finance counseling.

Preference in Hiring. All individuals separating in FY 1997 did so voluntarily and were not eligible for preference-in-hiring at Pantex or other Department of Energy sites. Although hiring was minimized in FY 1997, there were some positions filled by individuals involuntarily separated from other Department sites.

II.4.8.6 Future of the Site

Future work at Pantex, similar to other Department of Energy facilities, is dependant on funding. Pantex work on the Weapons Life Extension Program is considered essential and will continue for the next decade, but dismantlements could be reduced. A potential START III treaty would also have an impact on any long term work at Pantex.

The future of the work force at Pantex is not known. Until further assignments and tasks are awarded, the work force will continue to serve in its current capacity, and as the workload increases or decreases, respective adjustments will be made.

11.4.8.7 Accomplishments and Lessons Learned

Accomplishments:

- Pantex met its target separation number of 350 primarily through use of the VSIP, and avoided the need for an involuntary separation program. The total net savings through the VSIP for FY 1997 and FY 1998 are anticipated to be \$22 million. These figures compare the total wages necessary to support the positions eliminated during the VSIP for the second half of FY 1997 and the entire FY 1998. These figures reveal that for every dollar spent on the VSIP, a savings of approximately \$3.20 in wages and approximately \$2.00 in net savings was realized.
- The Plant continued to meet the Department's mission requirements, streamlining infrastructure in the process to become more efficient and effective.

Lessons Learned:

As a part of the work force restructuring process, Pantex produced a survey for Managers to provide input based on their experiences and observations during restructuring. Results of the survey disclose the following highlights of lessons learned. The feedback from this survey is being used to make improvements to the current process. Pantex will use this baseline to build an improved program and streamline future work force planning and restructuring.

- The time line between the downsizing announcement and training periods was too short (3-4 days) for effective training of all employees. Future work force restructuring training periods should be extended.
- The work force restructuring training video was very effective. A comprehensive, consistent message was issued to all employees including those on leave of absence.
- Manager involvement was crucial. Managers served as resources for fielding questions from employees and as subject matter experts for work force planning. Future downsizings will continue/increase manager involvement.
- Human Resources points of contact were identified for each division to coordinate work force restructuring and VSIP. This was a great benefit to managers and employees to have one person serve as a clearinghouse of information throughout the work force restructuring and VSIP processes. Occasionally, it became necessary to change points of contact due to other assignments. This should be minimized as much as possible to maintain consistent customer service.

- Generally, the communication process (keeping people updated through the e-mail system, *Pantex Pulse* newsletter, PA announcements, etc.) was appreciated and described to be “frequent and timely”. Comments noted that the reports were a wealth of information, but there were too many different types of reports and some were not easy to interpret. Future reports will be combined and simplified.
- As large numbers of employees moved through the termination process, a number of areas had to be coordinated to ensure employees and affected departments completed necessary paperwork and communications prior to the employee leaving the site. Individual outprocessing packets were made for each separating employee, giving instructions on outprocessing, benefits, security, medical, VSIP, etc. These were issued to employees well in advance of their last day of work, allowing employees to review the information with their families and set personal appointments with specialists in each area if necessary to ask questions and review personal options. Group meetings were also held to review information required for terminating employees and again answer questions.

II.4.9 Pinellas Plant

II.4.9.1 Background

The Pinellas Plant, located in Largo, Florida, manufactured neutron generators and other components from 1957 to 1994. In FY 1994, the Department of Energy initiated its weapons complex reconfiguration plan, which included termination of all defense programs activities at the Plant. The decision was announced to close the Plant and eliminate approximately 1,200 jobs by the end FY 1997. From FY 1994 through FY 1997, Pinellas placed the Plant in a safe condition, cleaned contaminated areas, and disposed of all site property, materials, equipment and records. The Department sold the Pinellas Plant to a local economic development agency in FY 1995.

II.4.9.2 History of Work Force Restructuring

Between FY 1994 and FY 1996, 715 employees were separated at Pinellas as a result of work force restructuring associated with the Plant's closure. Eighty three percent were separated voluntarily.

II.4.9.3 Current Work Force Restructuring

Pinellas employment reduced from 538 employees in FY 1996, to five on September 30, FY 1997 (Exhibit II.17). These employees remained at the Site to the end of FY 1997 to complete the contract closeout process.

II.4.9.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$19.5 million, with an estimated fully-burdened cost of \$38,700 per separation (Exhibit II.17). The average cost of early retirement was \$57,400. The average incentive cost of non-retirement voluntary separation was \$17,100, with a fully-burdened cost of \$20,400 with benefits. The average severance cost of an involuntary separation was \$27,300, with fully-burdened cost of \$30,500 with benefits. The total cost of other benefits provided in FY 1997 is unavailable due to the Plant closure. Work force restructuring benefits at Pinellas were governed by terms of the Management and Operating contract originally negotiated with General Electric.

The annual savings in salary and benefits for the 533 positions reduced is \$36 million, for a one-time cost of \$19.5 million.

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SITE: Pinellas		FY 1997 (1)		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	191	\$10,161,528	\$53,202
1.1	Early Retirement (2)	176	\$10,110,090	\$57,444
1.2	Non-Retirement Voluntary Separations (Severance Only)	3	\$51,438	\$17,146
1.3	Net Positions Reduced Through Attrition	12	\$0	\$0
2.0	Involuntary Separations (Severance Only)	342	\$9,333,532	\$27,291
2.1	With Benefits	342	\$9,333,532	\$27,291
2.1.1	Non-construction workers	342	\$9,333,532	\$27,291
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	533	\$19,495,060	\$36,576
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites	5	\$0	\$0
4.0	Other Benefits Provided (3)		\$0	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$19,495,060	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	533	n/a	\$38,679
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	3	n/a	\$20,395
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	342	n/a	\$30,540
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. Includes few FY 1998 separations.

Note 2. Includes 47 normal retirees receiving \$1.7 million plant closing costs.

Note 3. Data unavailable due to plant closure.

Exhibit II.17 Pinellas Work Force Restructuring Summary

II.4.9.5 Outplacement

A single location professional outplacement center was established near the Plant to assist employees. The outplacement center maintained a full range of job search tools including computer based support. Individuals and group resume mailings were completed on an ongoing and repetitive basis. Services were adopted to meet changing needs of the work force. Outplacement services were kept constant for all employees regardless of when the employee separated.

Most employees made use of outplacement support and obtained new employment. A clear majority of employees have expressed satisfaction with the treatment they received both before and after separation.

II.4.9.6 Status of Displaced Workers

Eighty-three percent of the FY 1996 displaced workers from the Pinellas Plant responded to the Department of Energy Work Force Restructuring Questionnaire. Sixty-eight percent of the respondents reported that they had left the work force involuntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Seventy-two percent of all respondents indicated that they intended to seek full-time employment. Of those, 54 percent are currently employed full-time.
- Eight percent of all respondents indicated that they intended to seek part-time employment. Of those, 33 percent are currently employed part-time.
- Ten percent of all respondents indicated that they intended to seek self-employment. Of those, 55 percent are currently self-employed.
- Three percent of all respondents indicated that they intended to retire. Of those, 75 percent are currently retired.

Nineteen percent of the respondents indicated that they were eligible for preference-in-hiring status; three percent reported they had applied for a job with preference-in-hiring status; and three percent of respondents had taken a job where they had preference-in-hiring status.

Forty percent of respondents received educational assistance from their contractor after they left contractor employment, and of those looking for employment, 86 percent felt the training/education they received was helpful in finding a new job. Eighty percent of respondents indicated that they used the outplacement center, and 91 percent of those using the service reported that it was helpful in finding employment. Overall, 78 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Ninety-two percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the Pinellas Plant. Seventy-five percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 72 percent stated that the plan benefits were clearly explained. Overall, 75 percent expressed satisfaction with their treatment during downsizing.

II.4.9.7 Community Transition

In August 1993, the Pinellas Community formed a Task Force consisting of national, state, local, political, business, and special interest organizations who would be impacted by ending the Pinellas Plant mission. The Task Force developed the *Pinellas Plant Future Use Plan* proposing activities to develop non-defense uses for the technology and the work force to help mitigate the effects of phasing out the weapons mission at Pinellas.

The original stakeholder structure evolved into the present Community Reuse Organization (CRO) in 1994, and was recognized by the Department of Energy in January 1995. The Pinellas Plant CRO has two primary working groups, the Economic Development Advisory Group and the Facility Transfer Advisory Group. The Economic Development Advisory Group focuses on community and displaced employee economic development initiatives. The Facility Transfer Advisory Group focuses on economic development issues associated with the physical Pinellas Plant assets.

The CRO envisions the Pinellas Plant as a community technology resource catalyst that will become an even greater contributor to the economic, educational and social well-being of the Tampa Bay region and the nation. The site will become a high technology, self-sustaining manufacturing mall with one or more large anchor tenants. Strategic partnerships are being emphasized. The goals of the CRO are to create, attract, and retain jobs that will employ dislocated personnel, stimulate local economic growth, and promote commercialization of Pinellas Plant developed technology.

As of September 30, 1997, a total of \$17.8 million has been committed to the CRO; \$10.7 million of which has been spent. A total of 1,323 jobs have been created or retained, with an additional 1,014 projected by the year 2001 (Exhibit II.18).

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$787,000	\$737,000	459	\$1,606	473
Financing Programs	\$579,700	\$579,700	15	\$38,647	15
Reuse of On Site Assets	\$15,153,300	\$8,585,500	724	\$11,858	1,724
Training	\$400,000	\$0			
Land, Facilities, Research and Development Assistance	\$334,700	\$334,700	125	\$2,678	125
Planning / Program Management	\$500,000	\$500,000			
Totals	\$17,754,700	\$10,736,900	1,323	\$8,116	2,337

Exhibit II.18 Pinellas Community Transition Funding and Job Creation

Office of Worker and Community Transition

Fifteen tenants are operating at the Pinellas Plant, which was recently renamed the Pinellas Science Technology and Research Center (STAR). The STAR Center currently employs 613 workers, of which approximately one third are former displaced Pinellas Plant employees. The CRO has leveraged obligated community transition assistance 1.5.1. Costed community transition assistance has been leveraged at 2.5.1. Leveraged funds have been obtained from both the public and private sectors.

The cleanup, close-out and economic development activities at the Pinellas Plant have resulted in a success story. The Department of Energy worked very closely with the Congressional delegation, the Department of Commerce, the Pinellas County Commissioners and the Pinellas County Industry Council, the Community Reuse Organization and the University of South Florida to make the facility available to commercial industry.

Plant closure was initially scheduled for FY 2000; however, through the concentrated cooperative efforts of Federal, State, County and contractor employees, closure was shortened by three years which saved the Department over \$29 million in savings. These cost savings were realized, in large part, from the implementation of a performance based contract and the Department providing additional funding up front to avoid higher costs of extended operations.

The Pinellas County Industry Council, a representative of the Pinellas County Board of Commissioners charged with economic development, purchased the plant in March 1995 for its \$2.6 million appraised value. Over 34,000 pieces of capital equipment also were made available to the community to help create and retain positions with tenants at the facility and in the community. The Department of Energy subsequently leased much of the facility back for \$120,000 per month until clean up operations were completed in September 1997. As the new businesses established tenancies, the rental amount paid by the Department of Energy was proportionately reduced.

The Suncoast Manufacturing Technology Center, sponsored by the CRO and the State of Florida, has been included in the U. S. Department of Commerce Economic Development Administration's National Institute of Standards and Technology network. The Community Reuse Organization and State of Florida sponsored Innovation Commercialization Program has been integrated into University of South Florida's Office for Corporate Development.

A strong partnership forged with the University of South Florida facilitates use of the Pinellas Plant's capabilities to assist small and mid-size Florida businesses. The partnership has established a Technology Deployment Center which has 20 active projects under development. The agreement has also resulted in the formulation of a Manufacturing Training and Education Center and the issuance of two technology licenses.

II.4.9.8 Future of the Site

The Pinellas work force restructuring effort was efficient and effective in transitioning the Pinellas Plant from weapons production to commercial use resulting in benefits to both the Department and the community. The Pinellas community will no longer associate the Department of Energy with the Pinellas Plant after FY 1997. The Department has successfully concluded the work force restructuring, clean-up, and contract close-out activities at Pinellas.

II.4.9.9 Accomplishments and Lessons Learned

There were many accomplishments and lessons learned in closing Pinellas Plant.

- Over 90 percent of the Plant's displaced workers who have been processed through the Outplacement Center have met their personal transition goals.
- The entire Pinellas organization kept focused on challenges associated with a multi-year mission completion. Particularly on the need for safety, as well as the need to achieve high standards for excellence. Pinellas implemented a management philosophy of communication. Ongoing two-way communication between employees, managers and stakeholders ensured common understandings through formal and informal stand-up meetings, regular all hand meetings, bulletins and newsletters.
- Pinellas implemented policies emphasizing the need to treat each employee fairly and to protect and maintain benefits through mission completion.
- Pinellas addressed employee benefit questions in a timely, efficient, and effective manner. Consequently, Pinellas avoided fears and concerns that employee benefits would be difficult to obtain after the Pinellas Plant closed. Pinellas transferred responsibility for employee benefits to a new Department of Energy funded plan sponsor before closing and introduced the new sponsors to participants in a timely and effective manner.
- Pinellas identified and retained expert personnel to complete required task. A multi-year detailed plan for reduction and close-out was conducted, with built-in succession planning flexible enough to accommodate unplanned employee turnover.
- Management structure was minimized overtime to a simpler, one-level organization, with less complicated accounting and reporting requirements. Pinellas tied retention, pay and incentives to specific tasks, milestones, and dates.

Office of Worker and Community Transition

- Pinellas acted in 1994 to modify the work force culture from one emphasizing generous compensation and long-term job security to one that recognized immediate pay for results in a temporary job situation. Through retraining benefits and work force plans, employees were encouraged to take responsibility for their own future. Pinellas convinced employees that plant closure tied positively to the public interest and community transition.
- Lockheed Martin Speciality Components cooperated with Lockheed Martin Corporation, community employers, and other Department of Energy sites to ensure maximum consideration was extended to Pinellas employees interested in job vacancies. Pinellas estimates 25 percent of the work force transferred to other Department of Energy employment, or local companies supported through community transition assistance, during a three year period. Pinellas expects this number to increase as companies supported through community transition expand.
- The Pinellas Area Office implemented a quarterly resource plan identifying work requirements for the local Department of Energy office by function and year. Management used the plan to identify the proper mix of personnel needed to accomplish the Department of Energy mission. The plan identified the schedule of functional downsizing that assisted personnel in developing their personal plans. Pinellas also assisted Federal employees by helping them seek transfers to other Department and non-Department vacancies.

II.4.10 Portsmouth / Paducah Gaseous Diffusion Plants

II.4.10.1 Background

The Portsmouth Gaseous Diffusion Plant (Portsmouth), built in the 1950's, was needed to provide Uranium-235 at rates substantially above the existing production facilities at Oak Ridge, Tennessee and Paducah, Kentucky. Portsmouth was chosen in the late 1970's as the site for a new enrichment facility utilizing gas centrifuge technology. Construction of the Gas Centrifuge Enrichment Plant began in 1979, but was halted in 1985 because the demand for enriched uranium decreased, and laser technology promised to be a more efficient and economical supply of enriched uranium for the future. The Highly Enriched Uranium operations were shut down beginning in 1991.

The Paducah Gaseous Diffusion Plant (Paducah) began production of enriched uranium in 1952. The plant's mission of uranium enrichment has remained unchanged, and the original facilities are still in operation, albeit with substantial upgrading and refurbishment.

The Energy Policy Act of 1992 mandated that the management of the uranium enrichment enterprise at Portsmouth and Paducah be assumed by the United States Enrichment Corporation (USEC). As a result, Department of Energy and USEC entered into a six-year lease effective July 1, 1993.

The mission of USEC is to be recognized as the preferred, highest quality, lowest cost producer of enriched uranium. This mission is vital in developing and maintaining a sustainable competitive position in the world-wide uranium enrichment market, and ensuring proper long-term use of land and facilities at Portsmouth and Paducah. As the sole producer of enriched uranium in the United States, USEC must compete with commercial and government-owned enrichment plants on a global scale. Portsmouth and Paducah play an extremely important role in providing and maintaining a secure source of enriched uranium, which helps to ensure this nation's security and independence.

II.4.10.2 History of Work Force Restructuring

Work force restructuring at Portsmouth and Paducah begins with comprehensive work force planning with USEC and the site contractor, Lockheed Martin Utility Services (LMUS). Portsmouth started work force restructuring with the voluntary separation of 49 employees in FY 1995, and an additional 40 employees in FY 1996. There were minimal restructuring activities in FY 1995 at Paducah, and no restructuring activities in FY 1996.

II.4.10.3 Current Work Force Restructuring

In FY 1997, Portsmouth developed a Work Force Restructuring Plan for both Portsmouth and Paducah. The plan covers the separation of workers in FY 1997 and will also cover the larger anticipated separation of workers in FY 1998. In FY 1997, Portsmouth separated 104 employees, 37 were voluntary, including 26 early retirements, and 67 were involuntary (Exhibit II.19). In FY 1997, Paducah separated 14 employees, seven voluntary and seven involuntary (Exhibit II.20). The work force restructuring program and benefits paralleled those provided to LMES employees under the Oak Ridge Work Force Restructuring Plan.

SITE: Portsmouth Gaseous Diffusion Plant		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	37	\$468,360	\$12,658
1.1	Early Retirement	26	\$394,820	\$15,185
1.2	Non-Retirement Voluntary Separations (Severance Only)	11	\$73,540	\$6,685
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	67	\$939,638	\$14,024
2.1	With Benefits	67	\$939,638	\$14,024
2.1.1	Non-construction workers	67	\$939,638	\$14,024
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	104	\$1,407,998	\$13,538
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$40,415	
4.1	Displaced Worker Medical Benefits	44	\$40,415	\$919
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers (1)	14	\$0	\$0
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$1,448,413	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	104	n/a	\$15,975
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	11	n/a	\$9,934
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	67	n/a	\$17,273
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. Have not been billed for costs yet. Estimated cost is \$14,000 per semester.

Exhibit II.19 Portsmouth Work Force Restructuring Summary

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SITE: Paducah Gaseous Diffusion Plant		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	7	\$112,575	\$16,082
1.1	Early Retirement	5	\$93,976	\$18,795
1.2	Non-Retirement Voluntary Separations (Severance Only)	2	\$18,599	\$9,300
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	7	\$107,422	\$15,346
2.1	With Benefits	7	\$107,422	\$15,346
2.1.1	Non-construction workers	7	\$107,422	\$15,346
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	14	\$219,997	\$15,714
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$2,428	
4.1	Displaced Worker Medical Benefits	2	\$2,428	\$1,214
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$222,425	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	14	n/a	\$17,803
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	2	n/a	\$12,549
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	7	n/a	\$18,595
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.20 Paducah Work Force Restructuring Summary

Outsourcing. There was no outsourcing at Portsmouth or Paducah during FY 1997.

Rehires. There were no rehires at Portsmouth or Paducah during FY 1997.

II.4.10.4 Costs and Cost Savings

For Portsmouth, the total work force restructuring cost incurred in FY 1997 was \$1.4 million, with an estimated fully-burdened cost of \$16,000 per separation (Exhibit II.19). The average cost of early retirement was \$15,200. The average incentive cost of non-retirement voluntary

separation was \$6,700, with a fully-burdened cost of \$9,900 with benefits. The average severance cost of an involuntary separation was \$14,000, with fully-burdened cost of \$17,300 with benefits. The cost of extended medical benefits averaged \$900 per recipient.

The annual savings in salary and benefits for the 104 positions reduced at Portsmouth is \$7 million, for a one-time cost of \$1.4 million.

For Paducah, the total work force restructuring cost incurred in FY 1997 was \$222,000, with an estimated fully-burdened cost of \$17,800 per separation (Exhibit II.20). The average cost of early retirement was \$18,800. The average incentive cost of non-retirement voluntary separation was \$9,300, with a fully-burdened cost of \$12,500 with benefits. The average severance cost of an involuntary separation was \$15,300, with fully-burdened cost of \$18,600 with benefits. Two individuals received extended medical benefits for an average cost of \$1,200 per recipient.

The annual savings in salary and benefits for the 14 positions reduced at Paducah is \$945,000, for a one-time cost of \$222,000.

II.4.10.6 Outplacement

A contractor-operated career center will function on a limited basis in conjunction with the general notification of the need for work force restructuring at Portsmouth. Outplacement services will be provided by a contracted vendor. The purpose of the career center is to assist displaced workers to develop career plans, execute job searches and look for retraining and employment opportunities. The career center will provide services such as aptitude and skills assessments, job analysis (present and future), information on job demand and supply, wage information and access to school, training and unemployment information. Other services provided by the career center include assistance in preparing resumes and cover letters, filling requests for training records and transcripts, reproducing and transmitting materials and providing other job search assistance. A library of resource materials is located at the career center. An LMUS-operated outplacement center was also established at Paducah.

Preference in Hiring. Preference-in-hiring will be provided at Portsmouth and Paducah to the extent practicable and reasonable with the respect to budget restraints, contractual provisions, and other qualifications.

II.4.10.7 Community Transition

The Southern Ohio Diversification Initiative (SODI) was established in August 1995 as the Community Reuse Organization (CRO) for the Portsmouth Site. The not-for-profit community improvement corporation actively promotes the reuse of underutilized lands, buildings and

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facilities of the Portsmouth Gaseous Diffusion Plant. In addition, the SODI promotes further economic diversification, encourages area residents to move from dependency on a single federal facility to self-sufficiency and assists with the implementation of economic development and diversification activities designed to effect positive change and growth.

As of September 30, 1997, a total of \$1 million has been committed to the CRO; to date, \$222,000 has been spent. A total of 60 jobs have been created or retained, with an additional 365 projected by the year 2001 (Exhibit II.21).

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development					
Financing Programs					
Reuse of On Site Assets					
Training					
Land, Facilities, Research and Development Assistance	\$500,000	\$0	0		0
Planning / Program Management	\$500,000	\$222,224	60	\$3,704	425
Totals	\$1,000,000	\$222,224	60	\$3,704	425

Exhibit II.21 Portsmouth Community Transition Funding and Job Creation

The SODI is negotiating a lease with the Department of Energy to further sub-lease with the Mead Paper Corporation. The SODI is also negotiating with the Department for lease or quick title deed of excess railroad rail to assist in the expansion of Mead's local operations. This project will produce 15 to 20 jobs by June 1998. SODI and the Department are cooperatively developing the Zahn's Corner Industrial Park with the Pike County Community Action Agency. The coalition is expected to create 100 jobs during calendar year 1998.

Through a public planning process, SODI completed the Community Transition Plan. The Plan includes projects designed to diversify the local economy, reducing regional dependence on the Department of Energy facility. A Land Use Analysis that encompasses three geographical zones is also included. Zone I encompasses 1300 acres inside the perimeter road of the Portsmouth site; Zone II encompasses the 2500 acres between the inner perimeter road and the outer perimeter of the reservation; and Zone III encompasses selected lands adjacent to the reservation within a six mile oval of the center of the site in Pike county. The Land Use Analysis is being used as the basis of current and future requests for excess property and equipment. Proceeds from the lease or sale of excess property and equipment will provide the SODI with the funds to continue reindustrialization, lease management and diversification efforts.

The public planning process resulted in individual citizens, stakeholders and several organizations in all four counties working together to develop a plan that benefits the entire region. The industrial development strategy allows the Department of Energy to be a partner in four projects designed to capitalize on the respective advantages of each proposed development. Two of the four industrial projects are ready for implementation using various funding sources, thereby reducing dependence on the Department of Energy. Funding sources for these projects include the Appalachian Regional Commission, the Department of Commerce Economic Development Administration, the Department of Agriculture, the State of Ohio, local governments, and private resources.

The Paducah Area Community Reuse Organization was established in August 1997. They are currently in the planning stage and are in the process of developing a community transition plan which will identify the strengths, weaknesses, opportunities and threats to the community.

II.4.10.8 Future of the Site

Completion of the Highly Enriched Uranium Suspension and Refeed Program will result in a reduction of additional employees who can not be absorbed into LMUS. These reductions are anticipated at Portsmouth during the period of August through December 1998 and will be accomplished under the provisions of the existing work force restructuring plan.

II.4.10.9 Accomplishments and Lessons Learned

- The local United Plant Guard Workers of America and the Department of Energy Site Office at Portsmouth were successful in establishing a program to start training potentially impacted workers prior to receiving their 120 day WARN Notice. The program was implemented July 1997 and a total of 14 workers have enrolled in training.
- Portsmouth is negotiating with the Community Reuse Organization in leasing excess land identified at the site. The land will be further sub-leased to a private corporation that will initially bring 15 jobs to the area and potentially 30 to 40 jobs in the next several years.
- Portsmouth has granted the Corp of Engineers a permit for the Ohio Army National Guard to utilize several facilities for the purpose of repair and refurbishment of various Army vehicles returning from Europe. The Ohio Army National Guard has been on site since 1989 and has created 61 jobs in the area and will be creating an additional 24 jobs in FY 1998.
- Ongoing communication between USEC, LMES, and Department of Energy Field management has been improved and maintained.

II.4.11 Richland Site

II.4.11.1 Background

The Hanford Site located in southeastern Washington State, 35 miles north of Richland, was selected in January 1943 for building/operating the first full-scale plutonium production plants in the world. The first three plutonium production reactors were built along the banks of the Columbia River. Hanford's mission was to produce plutonium for a new weapon that would bring a swift end to World War II.

Government demand for plutonium continued after World War II. By 1964 nine plutonium production reactors were operating at Hanford. The Hanford site also housed facilities for the entire nuclear cycle, including fuel fabrication, chemical processing, waste management, and research. Peak production began to slow down in 1965 and Hanford began to diversify. Eight of the nine production reactors were closed between 1964 and 1971. Only N Reactor, with the dual purpose of plutonium and electricity production, remained in operation. N Reactor was placed in cold standby in February 1988. In 1991, the Department announced that N Reactor would be permanently shut down.

As a result of 40 years of plutonium production, many areas within the site's boundaries are contaminated by chemical and radioactive wastes. The Hanford Site is engaged in the massive environmental cleanup and restoration project to deal with accumulated radioactive and chemical wastes. Hanford, along with other Department of Energy sites, has developed a 10-year plan for accelerated cleanup. Today Hanford is the largest environmental restoration effort in the world.

An important parallel mission to environmental cleanup is the development and deployment of new technologies, particularly those that will directly benefit environmental cleanup. This work is accomplished through the Pacific Northwest National Laboratory located at Hanford.

On October 1, 1996, the new Project Hanford Management Contract (PHMC) went into effect with Fluor Daniel Hanford as the management and integrating (M&I) contractor, leading a team of subcontractors in operating the Hanford Site. This performance-based contract is a radically new way of doing business and represents a major change from the management and operations (M&O) contracts of the past. The contract is unique to the government in that 100 percent of the fee is at risk on the performance based agreement.

II.4.11.2 History of Work Force Restructuring

Restructuring of the Hanford contractor workforce began after FY 1994 when site employment, fueled by an environmental restoration and waste management mission, reached a peak of 16,952 prime contractor employees. In FY 1995 and FY 1996, 6,767 contractor employees were

separated; 69 percent were voluntary and 31 percent were involuntary.

Hanford issued its first notice of work force restructuring in February 1994. Between 500 to 1,000 jobs were to be eliminated due to cost effectiveness and efficiency initiatives. Over the next year Hanford's estimate of needed reductions was revised upward to nearly 4,800 positions as a consequence of budget reductions, as well as cost and management efficiency initiatives. These reductions were to occur during FY 1995 and 1996. Hanford's first Workforce Restructuring Plan, detailing the process by which the reductions would be managed, was approved and implemented in February 1995.

The Site's first separation program, an enhanced retirement program, was established in place in October 1994. The program resulted in over 800 employees leaving the work force by the end of December 1994. This program was soon followed with a voluntary reduction of force and an involuntary reduction of force in early 1995, impacting another 743 employees. By mid-year more separation programs were put in place, including the first large scale involuntary reduction of force. Consequently, by the end of FY 1995 job reductions totaled over 4,500 contractor employees. In addition, large reductions were made to the temporary and intermittent work force.

In January 1996, the Department announced the need to reduce the work force by an additional 300 to 500 employees. Reductions continued through FY 1996 as a follow-on to the January announcement and also to posture for the transition to a new contracting strategy for Hanford's largest prime contract. The new M&I contract was not expected to employ as many workers as were required under the existing M&O contract. Accordingly, total separations, including attrition, resulted in over 2,200 reductions in FY 1996.

II.4.11.3 Current Work Force Restructuring

The existing Hanford Workforce Restructuring Plan was updated to reflect current restructuring activities at the site and issued in November 1996. Potential reductions of up to 700 were expected to occur in FY 1997. The anticipated reductions were due to funding constraints, efficiency initiatives, and the completion and closure of a number of projects and facilities. The majority of separations were accomplished through a tightly managed attrition program and involuntary reductions.

The site experienced actual reductions in FY 1997 of 769 principal contractor and enterprise company positions due, mostly, to a higher than expected rate of attrition (Exhibit II.22). Forty-four percent of all reductions were accomplished through voluntary separations with 56 percent as a result of involuntary reductions. Of the voluntary separations, 294 were as a result of net attrition, 28 due to enhanced retirements from a program implemented in FY 1996, and 14 through a voluntary reduction of force.

Office of Worker and Community Transition

SITE: Richland		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	336	\$1,080,211	\$3,215
1.1	Early Retirement (1)	28	\$887,000	\$31,679
1.2	Non-Retirement Voluntary Separations (Severance Only)	14	\$193,211	\$13,801
1.3	Net Positions Reduced Through Attrition (2)	294	\$0	\$0
2.0	Involuntary Separations (Severance Only)	433	\$4,770,853	\$11,018
2.1	With Benefits	433	\$4,770,853	\$11,018
2.1.1	Non-construction workers (2)	431	\$4,770,853	\$11,069
2.1.2	Construction workers	2	\$0	\$0
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	769	\$5,851,064	\$7,609
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	243	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$2,379,233	
4.1	Displaced Worker Medical Benefits	414	\$1,892,489	\$4,571
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	445	\$125,613	\$282
4.4	Education Assistance for Separated Workers	204	\$361,131	\$1,770
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$8,230,297	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	769	n/a	\$9,497
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	14	n/a	\$17,050
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	433	n/a	\$14,267
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. Does not include costs for 4 BHI SVRPs which were accrued in FY 1996.

Note 2. Includes employees transferred to enterprise companies 10/1/97 - 12/31/97; 140 left through attrition and 110 involuntarily separated from existing employer.

Exhibit II.22 Richland Work Force Restructuring Summary

Total separations include 250 employees who were separated from enterprise companies. Of these separations, 140 were through attrition, with no benefits, and 110 were involuntary separations totaling \$1.4 million, for an average cost of \$12,800. When employees were transferred to the enterprise companies they received a two-year commitment of receiving full severance benefits based on their previous employment with the prime contractor, if they were involuntarily terminated within two years of transferring to the enterprise company. Because

these individuals are not considered prime contractor employees, the involuntary reduction was not included in the site wide reduction-in-force notice.

Outsourcing. As a result of the new M&I contract at Hanford effective October 1, 1996, 1,792 regular employees were "outsourced" to enterprise companies. This does not include over 400 building trades craft and other temporary employees who were outsourced at the same time. Each enterprise company has a specific work scope, and is intended to grow into larger entities to support economic diversification in the Tri-Cities. One glassblower in this group has already created his own company.

Rehires. There were 17 employees who were separated and rehired after receiving benefits. If employees were rehired within one year of their voluntary separation, they were required to repay the separation benefits received. All rehires were based on need for critical skills.

II.4.11.4 Cost and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$8.2 million, with an estimated fully-burdened cost of \$9,500 per separation (Exhibit II.22). The average cost of early retirement was \$31,700. The average incentive cost of non-retirement voluntary separation as \$13,800, with a fully-burdened cost of \$17,100 with benefits. The average severance cost of an involuntary separation was \$11,000, with fully-burdened cost of: \$14,300 with benefits. The average cost of extended: medical benefits was \$4,600, outplacement was \$300, and education assistance was \$1,800.

The annual savings in salary and benefits for the 769 positions reduced is \$51.9 million, for a one-time cost of \$8.2 million.

II.4.11.5 Outplacement

The 1995 Hanford Workforce Restructuring Plan requires outplacement services to be provided to employees who were involuntarily laid off and to those who were approved for the voluntary reduction-of-force.

In April 1995, Westinghouse Hanford, Boeing Computer Services, and ICF Kaiser partnered with the Private Industry Council and Columbia Basin College to establish the Re-Employment Opportunity Center, in order to mitigate the social and economic impacts of workforce restructuring on the community. A short time later, Re-Employment Opportunity Center partners were joined by other Hanford contractors, the Washington Public Power Supply System, and United Way. During the first year the Re-Employment Opportunity Center served nearly 2,000 employees who made more than 20,000 visits.

The Re-Employment Opportunity Center provides resources which help clients transition to other jobs and/or pursue additional education and training. Partners contributed a wide variety of resources, including: computers with industry standard software packages computer skills training courses, microfiche with employment advertisements from 64 major cities, newspapers, magazines and trade journals, internet stations, faxes and phones, counselors who assist clients in developing and implementing job search strategies, access to Job Opportunity Bulletin Board System (JOBBS).

Inclusion of United Way has provided a much needed service to employees and their families. Families are typically overlooked in the reduction process and yet they play an important role in an employees well being. The Re-Employment Opportunity Center has served as a model for the Washington State One Stop concept. The Re-Employment Opportunity Center continues to provide a effective service in the face of severe cutbacks of Hanford contractor staff.

Preference in Hiring. Each contractor at the Hanford Site has developed its own strategy for complying with preference-in-hiring requirements. There are 480 separated employees currently eligible for preference-in-hiring consideration, and 46 separated employees have been placed due to their preference-in-hiring status.

II.4.11.6 Status of Displaced Workers

Twenty-nine percent of the FY 1996 displaced workers from the Hanford Site responded to the Department of Energy Work Force Restructuring Questionnaire. Seventy-eight percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Forty-six percent of all respondents indicated that they intended to seek full-time employment. Of those, 64 percent are currently employed full-time.
- Sixteen percent of all respondents indicated that they intended to seek part-time employment. Of those, 35 percent are currently employed part-time.
- Six percent of all respondents indicated that they intended to seek self-employment. Of those, 63 percent are currently self-employed.
- Twenty-two percent of all respondents indicated that they intended to retire. Of those, 96 percent are currently retired.

Sixteen percent of the respondents indicated that they were eligible for preference-in-hiring status; seven percent reported they had applied for a job with preference-in-hiring status; while

three percent of respondents had taken a job where they had preference-in-hiring status.

Eight percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 79 percent felt the training/education they received was helpful in finding a new job. Twenty-four percent of respondents indicated that they used the outplacement center, and 68 percent of those using the service reported that it was helpful in finding employment. Overall, 56 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Fifty-three percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the Hanford Site. Forty-four percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 55 percent stated that the plan benefits were clearly explained. Overall, 50 percent expressed satisfaction with their treatment during downsizing.

II.4.11.7 Community Transition

In May 1994, the economic development entities of the communities located in the Mid-Columbia region of Washington State designated the Tri-City Industrial Development Council (TRIDEC) as the Hanford Community Reuse Organization. The TRIDEC Board evaluates and recommends options to help the region develop a diverse economic base by providing new and existing companies, as well as existing and displaced Hanford Site workers, the opportunity and incentive to remain, locate and grow, and succeed in the Tri-Cities region.

To the extent feasible, the TRIDEC Board functions as a mechanism to evaluate and recommend proposals leading to the creation and retention of high-value jobs, review and make recommendations regarding prioritization of Hanford resources to be transferred to the community, and serve as a communication link between the site and other interests or organizations. The TRIDEC participates in public meetings regarding economic diversification to assist in the education of the public about Hanford transition issues in support of the goal of a transitioned Hanford site and local economy.

As of September 30, 1997, a total of \$16.6 million has been committed to the CRO, the prime contractor and the site; \$7.9 million of which has been spent. A total of 744 jobs have been created or retained, with an additional 2,720 projected by the year 2001 (Exhibit II.23). To further enhance economic diversification efforts, the TRIDEC submitted a grant proposal in the amount of \$2.8 million for funding FY 1998.

Office of Worker and Community Transition

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$3,611,000	\$1,786,891	633	\$2,823	1,634
Financing Programs	\$3,675,000	\$954,220	2	\$477,110	
Reuse of On Site Assets	\$2,944,211	\$2,711,886	64	\$42,373	1,055
Training					
Land, Facilities, Research and Development Assistance	\$5,042,656	\$1,546,154	45	\$34,359	638
Planning / Program Management	\$1,335,090	\$858,251			137
Totals	\$16,607,957	\$7,857,402	744	\$10,561	3,464

Exhibit II.23 Richland Community Transition Funding and Job Creation

Over the past three years TRIDEC has identified 24 programs, which were determined to be the best use of Department of Energy funding for transitioning the community from being dependent on the Department of Energy to becoming self-sustaining. Of the 24 programs, five have been successfully completed, 18 are still in operation and one has been terminated.

Projects funded through the TRIDEC created 744 jobs by the end of FY 1997. These projects created approximately 130 small business and have placed over \$850,000 of equity and revolving loans in the community for business startup and expansion. In addition, TRIDEC is preparing to invest \$2 million in a Venture Capital fund managed by Timberline Venture Partners. Timberline has committed to invest these funds locally to foster job creation and economic growth.

Through TRIDEC funding, the community has been able to relocate three large companies into the area with the promise of creating over 1500 jobs within the next three years. Each program has been actively seeking other avenues of funding to become less dependent on the Department of Energy. As of September 30, 1997, TRIDEC 3161 funded programs received a total of nearly \$2.7 million in matching funds and an additional \$3.3 million of in-kind goods and services. While current programs are geared at assisting the community in general, every opportunity is being taken to educate Hanford Site employees about new opportunities.

The Richland Operations Office (RL) continues to be supportive of community requests for assistance in economic diversification efforts. Support was provided in FY 1997 in the areas of: technology transfer, transfer of excess Hanford Site assets to community entities for economic re-use, and including economic transition and outsourcing as an evaluation criterion in the Project Hanford Management Contract.

Office of Worker and Community Transition

RL also has supported several community transition efforts by making excess or underutilized assets available for lease or transfer, such as the successful transfer of the former 3000 Area of the Hanford Site to the Port of Benton, Washington for re-use. This innovative transfer is an excellent example of a cooperative effort between multiple federal agencies and the local community. Currently the Port of Benton has eleven industrial tenants located in this former portion of the site that has been renamed the Richland Industrial Center. RL also works closely with the Port of Benton to coordinate the transfer of excess personal property to local businesses to support expansion of existing business and recruitment of new businesses in support of community industrial recruiting initiatives.

The Hanford Site's overall economic diversification efforts are integrally aligned with the community's transition efforts and are responsive to requests for assistance and support from the community. Real and personal property transfers have provided additional assets to be used in the community's diversification efforts. The potential availability of Hanford Site resources also has been effectively used as a recruiting incentive by the Tri-City community.

The Project Hanford Management Contractor (PHMC), Fluor Daniel Hanford, has committed to help create 3000 new private sector jobs over the next five years. Fluor Daniel Hanford's economic transition efforts include several different mechanisms using Hanford site assets and contracting opportunities as well as activities funded out of Fluor Daniel Corporate funds. Examples of corporate-sponsored projects are: the creation of Columbia Basin Ventures, a venture capital company with \$10 million available for investment in local firms. Columbia Basin Ventures also provides industrial recruitment assistance to the local community.

The Pacific Northwest National Laboratory (PNNL) uses several different technology transfer activities to support local community transition goals. These activities include licensing site developed technologies, providing free technical assistance to local businesses, and an entrepreneurial leave of absence program that is designed to encourage and support laboratory personnel's efforts to establish their own technology-based businesses. The PNNL's technology transfer efforts in FY 1997 resulted in the creation of ten new businesses in the Tri-Cities area. Additionally, the Laboratory provided technical assistance to over 66 local businesses in FY 1997.

The economic transition efforts of FDH and PNNL helped create over 250 jobs in FY 1997, with the potential for creating several hundred more in the future as a result of this years efforts. Several of these projects were cooperative efforts between local community entities, including the Community Reuse Organization, and local cities and port districts, specifically in the industrial recruitment arena. The same can be said for several of the asset transfer initiatives. Both contractors, Fluor Daniel Hanford, and Pacific Northwest National Laboratory work very closely with the Community Reuse Organization in economic diversification efforts.

II.4.11.8 Future of the Site

Future work force restructuring can not be determined at this time. Project Hanford's future holds the promise of more successes. Building on progress in all areas, there will be significant movement in the Tank Waste Remediation System, Environmental Restoration, Waste Management, Facilities Transition, and Spent Nuclear Fuels. These activities will require skills mix adjustments, regardless of whether overall work force declines.

II.4.11.9 Accomplishments and Lessons Learned

Accomplishments and lessons learned include:

- More attention should be given to the tax implications of educational assistance.
- Partnering with the community should never be ignored. Community representatives provide a wealth of information and support. This relationship enables the contractor to provide cost effective, targeted resources.
- It is important to work with the State, educational and local agencies during the development of the workforce restructuring plan to identify and resolve any conflict in the administration of financial resources. It can reduce and even eliminate potential confusion.
- The United Way is a valuable community resource, and provides referral services that assist the entire family in the transition.

I.4.12 Rocky Flats Environmental Technology Site

II.4.12.1 Background

Today, the Rocky Flats Environmental Technology Site (RFETS) is an environmental cleanup site located 15 miles northwest of downtown Denver, Colorado. Originally established as a nuclear weapons production facility, Rocky Flats' mission has now evolved to one of environmental cleanup. It is designated by the U.S. Environmental Protection Agency as a Superfund Cleanup Site and is on the National Priorities List.

In March 1951, the Atomic Energy Commission selected the Rocky Flats area as the site for a nuclear weapons production facility. From 1952 through 1989, the site's primary mission was production of nuclear and nonnuclear components for the U.S. nuclear weapons arsenal. Production mission activities included plutonium and uranium metal working and fabrication, plutonium recovery and purification operations, and stainless steel and beryllium component manufacturing. The key component produced at Rocky Flats was the plutonium pit, commonly referred to as the "trigger", for nuclear weapons. In addition, research and development in the fields of chemistry, physics, metallurgy, materials technology, nuclear safety and mechanical engineering were conducted to advance the site's weapons production mission.

In 1989, nuclear production work at Rocky Flats was abruptly halted to address environmental and safety concerns related to nuclear operations. This suspension of operations was initially thought to be temporary; however, in 1992 the nuclear weapons production mission at Rocky Flats ended with the President's announcement of the cancellation of production of the W-88 Trident Warhead. Nuclear weapons production has never resumed at Rocky Flats. At that time, it was thought that Rocky Flats would remain a contingency site for nuclear weapons production operations, serving in a backup capacity. However, in 1993, the Department was announced that Rocky Flats would no longer have any nuclear weapons production mission.

From 1993 to 1995, the Rocky Flats mission went through a period of transition from its former production mission to the environmental cleanup mission. In 1995 the site's management changed from a management and operating contract, to a management and integrating contract with Kaiser-Hill Company, L.L.C. and its team of prime subcontractors.

II.4.12.2 History of Work Force Restructuring

Work force restructuring at Rocky Flats involves comprehensive work force planning that is linked to future budget projections and adjustments in the skill mix. Under the direction of contractor management, with Department of Energy Rocky Flats Field Office (RFFO) oversight, project budgets and work force requirements are established to maximize the effective use of allocated funds. All contractor organizations prepare work force requirement projections by

classification to meet project forecasts. The results are compiled and reviewed by the Department and the contractor in planning future work force restructuring activities.

Work force restructuring activities governed by section 3161 began at Rocky Flats site in FY 1993. From FY 1993 through FY 1996, two work force restructuring plans have been implemented and several reductions occurring under each plan. None of these actions included early retirement incentives, although one early retirement program did occur in 1992. There have been 4,224 separations from 1993 to 1996, 80 percent were voluntary and 20 percent were involuntary.

II.4.12.3 Current Work Force Restructuring

Kaiser-Hill projected in FY 1997 a need to reduce the work force by approximately 400 employees over the next two years. The site implemented its third work force restructuring plan in May 1997, and pursuant to that plan, small reductions have occurred weekly through the remainder of FY 1997.

There were 289 separations in FY 1997, 66 percent were voluntary separations and 34 percent were involuntary separations (Exhibit II.24). Of the 192 voluntary separations, 160 were non-retirement voluntary separations and 32 positions were reduced through net attrition.

Outsourcing. The Kaiser-Hill Team will retain employees with the skills required to deliver core activities at the site. Ancillary support activities that require fluctuating staffing levels or specialized expertise may be performed by subcontractors outside of the Kaiser-Hill prime team.

Consistent with Department policies and procedures, Department of Energy Rock Flats Field Office Work Force Restructuring Plan Three, and with applicable collective bargaining agreements, make-or-buy cost evaluation tools will be used to determine whether outsourcing will accomplish measurable cost savings, or meet other outsourcing objectives. Staffing flexibility, avoidance of capital expenditures, increased efficiency, or access to expertise not available at the site will be key considerations when making the ultimate outsourcing decision.

The Kaiser-Hill Team has established a make-or-buy review committee to review initial outsourcing decisions. The review committee requests bargaining unit involvement in appropriate circumstances that have the potential to impact bargaining unit employees.

Through September 30, 1997, approximately 206 positions have been outsourced at the site. These positions are included in the prime team employment counts to accurately reflect the number of employees doing Department of Energy work on site.

Office of Worker and Community Transition

SITE: Rocky Flats		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	192	\$3,017,741	\$15,717
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	160	\$3,017,741	\$18,861
1.3	Net Positions Reduced Through Attrition	32	\$0	\$0
2.0	Involuntary Separations (Severance Only)	97	\$330,923	\$3,412
2.1	With Benefits (1)	63	\$330,923	\$5,253
2.1.1	Non-construction workers	60	\$318,760	\$5,313
2.1.2	Construction workers	3	\$12,163	\$4,054
2.2	Without Benefits (2)	34	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	289	\$3,348,664	\$11,587
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	182	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$2,720,614	
4.1	Displaced Worker Medical Benefits	53	\$295,868	\$5,582
4.2	Relocation Assistance	34	\$100,477	\$2,955
4.3	Separating or Separated Workers Using Outplacement	840	\$691,171	\$823
4.4	Education Assistance for Separated Workers	489	\$1,633,098	\$3,340
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$6,069,278	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	289	n/a	\$14,094
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	160	n/a	\$22,110
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	63	n/a	\$8,502
9.0	Other Separations	22	\$206,504	\$9,387
9.1	Voluntarily Separated	22	\$206,504	\$9,387
9.2	Involuntarily Separated			

Note 1. Includes 30 workers not part of site head count data; 27 employees paid severance through their labor agreement and 3 construction workers.

Note 2. Includes 34 employees not counted in the site head count.

Exhibit II.24 Rocky Flats Work Force Restructuring Summary

Rehires. During FY 1997, the Kaiser-Hill Team rehired 47 displaced workers. Twenty-two workers were rehired through the preference-in-hiring process. Eighteen workers left voluntarily and were rehired more than one year after their separation date, and seven of the workers left involuntarily but were not eligible for preference-in-hiring and did not receive enhanced separation benefits.

II.4.12.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$6.1 million, with an estimated fully-burdened cost of \$14,100 per separation (Exhibit II.24). The average incentive cost of non-retirement voluntary separation was \$18,900, with a fully-burdened cost of \$22,100 with benefits. The average severance cost of an involuntary separation was \$5,300, with fully-burdened cost of \$8,500 with benefits. The average cost of: extended medical benefits was \$5,600, the relocation assistance was \$3,000, the of outplacement was \$800, and of education assistance was \$3,300.

The annual savings in salary and benefits for the 289 positions reduced is \$19.5 million, for a one-time cost of \$6.1 million.

II.4.12.5 Outplacement

The AFL-CIO Rocky Flats Career Assistance Center offers a variety of services to displaced site employees. These services include: resume preparation; correspondence assistance; computer job bank access; job-search training; one-on-one career counseling; copy, fax and telephone service, (local and long distance), reference library, Internet access, unadvertised job leads, personality/model testing, career path assessment, and job search support groups. Additionally, various workshops are conducted based on demand regarding assessment testing, unemployment survivability, job search techniques including information regarding "hidden markets," and interview practice. The center also administers the displaced worker retraining program, which provides tuition reimbursement to eligible displaced workers.

The current contract between the AFL-CIO and Kaiser-Hill Company, L.L.C. was executed July 1997 and represents a continuation of a relationship previously contracted through the State of Colorado's, Governors Job Training Office for several years.

Preference in Hiring. The Kaiser-Hill Team's integrated staffing program requires that displaced employees, who have maintained their hiring preference, receive preferential consideration for job openings that are to be filled from outside the current incumbent workforce. Resumes of eligible former employees are maintained onsite and access to the JOBBS resource is also available and must be screened during the staffing process. Compliance with preference-in-hiring requirements is routinely monitored by Kaiser-Hill Human Resources and in fact, a Kaiser-Hill audit of the four main subcontractors' compliance with those requirements is in progress. As of September 30, 1997, there were 156 former employees who are eligible for preference-in-hiring.

II.4.12.6 Status of Displaced Workers

Seventy-seven percent of the FY 1996 displaced workers from Rocky Flats responded to the Department of Energy Work Force Restructuring Questionnaire. Seventy-six percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Sixty percent of all respondents indicated that they intended to seek full-time employment. Of those, 76 percent are currently employed full-time.
- Eight percent of all respondents indicated that they intended to seek part-time employment. Of those, 44 percent are currently employed part-time.
- Eleven percent of all respondents indicated that they intended to seek self-employment. Of those, 48 percent are currently self-employed.
- Nine percent of all respondents indicated that they intended to retire. Of those, 93 percent are currently retired.

Twenty percent of the respondents indicated that they were eligible for preference-in-hiring status; seven percent reported they had applied for a job with preference-in-hiring status; while one percent of the respondents had taken a job where they had preference-in-hiring status.

Thirty-five percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 77 percent felt the training/education they received was helpful in finding a new job. Fifty percent of respondents indicated that they used the outplacement center, and of those, 76 percent reported that the service was helpful in finding employment. Overall, 59 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Seventy-two percent of respondents reported that they were given the opportunity to review the work force restructuring plan at Rocky Flats. Forty-six percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 53 percent stated that the plan benefits were clearly explained. Overall, 50 percent expressed satisfaction with their treatment during downsizing.

II.4.12.7 Community Transition

The Rocky Flats Local Impacts Initiative (RFLII) is a unit of local government formed in 1991 by an intergovernmental agreement of fifteen local governments. RFLII is governed by a 20-member board consisting of local elected officials, labor unions and salaried workers, chambers of commerce and economic development agencies, site neighbors, and community-based interest groups.

In FY 1993, RFLII was designated the Community Reuse Organization (CRO) for the Rocky Flats Site. As the CRO, the mission of the RFLII is to identify opportunities and impacts resulting from the change in mission at Rocky Flats, implement programs to maximize the opportunities and mitigate the impacts, and plan for the site's future. By comparing the skills of Rocky Flats workers and the socioeconomic impacts of downsizing with existing and emerging industry segments, the Initiative developed a strategy to guide its community transition programs. The RFLII strategy involves creating new, permanent, high-wage private sector jobs, especially in fields matching the skills of displaced Rocky Flats workers, by: strengthening and diversifying the local economy; helping companies in target growth sectors expand; assisting businesses started by Rocky Flats workers; and enhancing research, training, education and technical assistance in target industry sectors.

The RFLII was initially funded by state and local governments and private contributions. It then received a planning grant from the Economic Development Administration in 1993. In addition to operating support from the Department of Energy, the RFLII received a three-year, \$4 million grant in 1994 to implement the community transition plan. A second \$4 million was provided for 1997 and 1998. Projects are carried out with local partners including universities, economic development agencies, Small Business Development Centers, and non-profit business incubators who contribute time and money toward the success of the projects. The Initiative plans to terminate its community transition projects at the end of 1998, at which time eight of the eleven projects will continue without Department of Energy support.

As of September 30, 1997, a total of \$30 million has been committed to the CRO and the National Conversion Pilot Project (NCP), of which \$28.2 million has been spent. A total of 1,187 jobs have been created or retained, with an additional 953 projected by the year 2001 (Exhibit II.25).

Some of the RFLII initiatives involve establishing an entrepreneur resource program, providing entrepreneur technical assistance, developing the Rocky Mountain Manufacturing Academy, and supporting the NCP.

Office of Worker and Community Transition

FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$2,542,960	\$1,570,739	937	\$1,676	1,220
Financing Programs	\$367,500	\$289,340	4	\$72,335	40
Reuse of On Site Assets	\$21,360,688	\$21,316,703	139	\$153,358	80
Training	\$950,000	\$949,542	6	\$158,257	200
Land, Facilities, Research and Development Assistance	\$1,836,695	\$1,438,750	101	\$14,245	600
Planning / Program Management	\$2,902,781	\$2,628,345			
Totals	\$29,960,624	\$28,193,419	1,187	\$23,752	2,140

Exhibit II.25 Rocky Flats Community Transition Funding and Job Creation

The Entrepreneurial Resource Program, administered by the RFLII, provides management assistance vouchers, business incubator subsidies, and information services to companies started by Rocky Flats workers and companies in targeted industries likely to hire Rocky Flats workers. Since program inception in 1995, 309 companies have been served resulting in 929 new jobs.

The RFLII, through a Memorandum of Agreement with the Department of Energy, sells clean excess equipment to manufacturing firms in ten local area counties. Twenty-four companies have been assisted, with total sales of \$177,000. They also have partnered with three business financing organizations to increase the pool of financing for small businesses. The Colorado Enterprise Fund, a nonprofit local development corporation, provides micro loans up to \$25,000 to companies in the metro Denver area. The Denver Capital Corporation, a coalition of area financial institutions and local governments, is expanding into three new counties with micro loans up to \$50,000. The Colorado Capital Alliance, formed in 1996, provides matchmaking assistance for startup technology companies and individual investors.

The Entrepreneur Technical Assistance Program is a joint program of the RFLII and the Colorado School of Mines' Advanced Materials Institute. It provides matching grants up to \$75,000 to start-up technology companies to partner with university researchers to help commercialize products. Over 90 jobs have resulted from this program since 1994.

The Rocky Mountain Manufacturing Academy, created by the RFLII, is now under the jurisdiction of the Colorado System of Community Colleges and Occupational Education in cooperation with three Colorado universities. The Department of Energy donated over \$12 million of excess Rocky Flats manufacturing equipment to create a state-of-the art training facility to meet the staffing needs of Colorado manufacturers.

The RFLII convened the Rocky Flats Future Site Use Working Group whose recommendations formed the basis for the 1996 Rocky Flats Cleanup Agreement. The RFLII is currently hosting a joint community-Department of Energy task force that will evaluate how to make the industrial area into an employment center after cleanup is complete. A joint working group is also developing a management plan for the Rocky Flats buffer zone. The RFLII also has hosted a Workers Committee since 1993 where the initial Workforce Restructuring Plan was formulated. This committee hosts mailings and job fairs for displaced workers and serves as a clearinghouse for information between the Department of Energy, Kaiser-Hill, unions, and the community. The RFLII also hosts quarterly meetings for the community where transition and reuse issues are discussed.

Based on the results of an economic analysis conducted by the Rocky Flats Field Office, the Department has determined that there was little direct benefit to continue the NCPP project to Stage III. In addition, there was potential liability in leasing the NCPP buildings. The Department and Congress have designated Rocky Flats as a Closure Project and focus needs to remain on achieving accelerated site closure. Still, the NCPP demonstrated success in rapid cleanup for reuse of contaminated facilities.

II.4.12.8 Future of the Site

Rocky Flats still houses 14 tons of plutonium and seven tons of uranium. These materials, as well as transuranic waste, are scheduled for shipment to other Department of Energy facilities and storage sites. The current site mission is to make it safe, clean it up, and close it down. Management's key priority of is the safe, accelerated closure of the site. Kaiser-Hill and the Department, working in coordination with Rocky Flats stakeholders, have developed a draft plan to substantially complete the cleanup and closure of Rocky Flats within a ten-year period. Key factors impacting the ability to reach the ten-year cleanup goal will be the adequacy of funding levels and the availability of locations to ship the site's waste and nuclear materials. During this closure period, key activities will include risk reduction through special nuclear material stabilization and consolidation, waste management, environmental remediation, deactivation, decontamination and decommissioning. Building and facilities have already begun to come down. Inherent in these operations, safety remains the top goal.

II.4.12.9 Accomplishments and Lessons Learned

A number of accomplishments and lessons learned have been incorporated into the current work force restructuring process at the Site to mitigate the impact of work force restructuring activities.

- Establishment of a review board to evaluate candidates for layoff and use of the board early in the employee selection process to review diversity and other issues, is believed to minimize last minute decisions made by management.
- Maximizing advance notice to employees of impending outsourcing or other restructuring actions has allowed employees a reasonable opportunity to make decisions regarding alternate placement on site, to begin an external job search, or to accept employment with the outsourced subcontractor, if that option is available.
- Human Resource support and training is provided to managers who are tasked with giving at- risk or reduction-in-force notices to their employees to minimize disruption and to ensure clear communication of important information to the affected employees.
- A formal meeting titled "Your Next Step" is provided to affected employees during the employee check-out process. Attendance is optional, yet strongly encouraged. The session covers critical information such, as how and where to apply for state unemployment benefits. Other community resources available to the recently unemployed are identified. Benefits available under the Team's voluntary and involuntary programs are reviewed and discussed. It also describes resources available at the Career Assistance Center. Employee Assistance Program services are also made available at this time. The session uniformly receives positive feedback from displaced workers and allows them to immediately focus their energy toward finding future employment and in dealing with the loss of their jobs in a positive manner.
- Guidelines regarding use of retraining benefits have been liberalized to facilitate an employee's ability to retrain for new employment at their own pace and therefore, at a potentially quicker pace than under previous guidelines.
- The Career Assistance Centers, both onsite and offsite, provide Internet access to job search networks and CD ROM based databases are also made available to both active and to displaced workers.
- When outsourcing functions, affected employees must have adequate time to evaluate their options, which may include waiting through their involuntary separation notification period, prior to going to work for the designated subcontractor. This would allow involuntarily separated employees the opportunity to receive their severance pay.

II.4.13 Sandia National Laboratory

II.4.13.1 Background

Sandia National Laboratory, one of the largest research and development facilities in the nation, is located northwest of Albuquerque, New Mexico. Since 1951, Sandia has conducted multi-program engineering and science nuclear weapons complex work under contract with the Department of Energy. Sandia is currently managed and operated by Sandia Corporation, a wholly-owned subsidiary of Lockheed Martin Corporation.

With the end of the Cold War, nuclear weapons work has been refocused. As a Department of Energy national laboratory, Sandia is devoted to leadership in applying the best integration of scientific and engineering creativity and expertise to our nation's most pressing problems, working in partnership with universities and industry to serve national interests. Sandia provides scientific and engineering solutions to meet national needs in nuclear weapons and related defense systems, energy security, and environmental integrity, and to address emerging national challenges for both government and industry. Sandia's mission includes many projects that tend to be threat-driven in the areas of environment, energy, manufacturing, transportation, space, and the nation's economy.

To meet mission requirements, Sandia has established eight strategic objectives for the next decade. The first set of objectives describes the focus of laboratory activities. These include, assuring a U.S. nuclear deterrent; reducing U.S. vulnerabilities to the proliferation, threat, and use of weapons of mass destruction, and to other nuclear incidents; enhancing the safety, security, and reliability of energy and critical global infrastructures; and developing high-impact responses to emerging national security threats. The second set of objectives address how the laboratory will accomplish these activities by selecting the best people to join and remain at Sandia and to measure the performance of both teams and individuals; creating a laboratory that works better and costs less, with an infrastructure that is a competitive advantage for their strategic missions; balancing the state of knowledge and use these advances to solve customer technical problems; and maximizing the beneficial use of strategic partnerships.

II.4.13.2 History of Work Force Restructuring

With a majority of Sandia's funding tied to defense work, the end of the Cold War signaled a future decrease in funding. As early as FY 1992, the Laboratories were restructured, eliminating one entire management layer, resulting in a leaner and more efficient organization. Efforts were made in FY 1994 to reduce costs and to minimize the effects of the anticipated reductions in funding for FY 1995 and ensuing years, while retaining a workforce with the skills necessary to fulfill the Department's mission. Business processes were and are being re-engineered to provide more cost-effective operations. There were no formal restructuring activities in FY

1995, although 463 employees separated through attrition, and 19 employees not eligible for separation benefits were involuntarily separated.

In FY 1996, Sandia determined it was necessary to restructure the work force, and the decision was announced in December 1995. To mitigate the impact of potential involuntary reductions, a Voluntary Separation Incentive Program (VSIP) was approved and announced to employees the same day. Two hundred seventy-one employees took advantage of the VSIP and an additional 314 left through attrition. Ten employees not eligible for separations benefits were also separated. An additional 45 were placed in other jobs at the site without further training.

Between FY 1995 and FY 1996, Sandia incurred 1,077 total separations, with 97 percent voluntary. Since those involuntarily separated were temporary or part-time employees, no formal involuntary separation program was conducted for full-time employees at the site in either year.

II.4.13.3 Current Work Force Restructuring

Continued funding reductions required another work force restructuring activity in FY 1997. The Department announced in December 1996 that work force restructuring would affect as many as 435 positions. To mitigate the impact of potential involuntary reductions for FY 1997, another VSIP was announced on the same date.

Total separations for FY 1997 were 481, there were 356 separations through the VSIP and 125 positions were reduced through net attrition (Exhibit II.26). Again, an involuntary reduction-in-force (IRIF) was not needed. Careful identification of skills requirements and allocation of hiring requisitions has effectively controlled hiring in FY 1997.

Outsourcing. No employees were separated from Sandia as a result of outsourcing in FY 1997. To Sandia's knowledge, no employees who separated through the VSIP are employed by outsourcing vendors.

Rehires. There were no rehires in FY 1997. Sandia's realignment policy states that an employee who separated from the Laboratories with a voluntary separation incentive package is not eligible for re-employment for one year after termination. Sandia directors signed a statement that positions vacated as a result of the voluntary separation incentive package would not be filled for one year.

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SITE: Sandia National Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	481	\$13,444,900	\$27,952
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	356	\$13,444,900	\$37,767
1.3	Net Positions Reduced Through Attrition	125	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	481	\$13,444,900	\$27,952
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	63	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$408,696	
4.1	Displaced Worker Medical Benefits	106	\$252,000	\$2,377
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	324	\$114,696	\$354
4.4	Education Assistance for Separated Workers	68	\$42,000	\$618
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$13,853,596	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	481	n/a	\$30,357
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	356	n/a	\$41,016
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit II.26 Sandia National Laboratory Work Force Restructuring Summary

II.4.13.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$13.9 million, with an estimated fully-burdened cost of \$30,400 per separation (Exhibit II.26). The average incentive cost of non-retirement voluntary separation was \$37,800, with a fully-burdened cost of \$41,100 with benefits. The average cost of: extended medical benefits was \$2,400, outplacement was \$400, and education assistance was \$600.

The annual savings in salary and benefits for the 481 positions reduced is \$32.5 million, for a one-time cost of \$13.9 million.

II.4.13.5 Outplacement

Employees who left Sandia through the VSIP were offered outplacement assistance from StarAccess, an outplacement firm. StarAccess provided a full range of outplacement services that included: performing job searches, developing and maintaining job leads, assisting with resume creation, reproduction and mailing, maintaining job market information, publicizing terminated workers' skills, and facilitating registration with government bureaus and services. A Career Transition Center was available in Albuquerque with phone lines, computers, and copy machines as part of the outplacement services. Employees who used the Career Transition Center were offered workshops on topics such as resume writing, interviewing skills, career assessment, job search techniques, and personal finance counseling. Training for managers at Sandia was available on such topics as violence in the workplace and survival skills for remaining employees.

Preference in Hiring. All separations in FY 1997 were voluntary, therefore no separated employees were eligible for preference-in-hiring consideration. There were no workers from other Department of Energy sites placed at Sandia through preference-in-hiring in FY 1997.

II.4.13.6 Status of Displaced Workers

Nineteen percent of the FY 1996 displaced workers from the Sandia National Laboratory responded to the Department of Energy Work Force Restructuring Questionnaire. Ninety-nine percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Twenty percent of all respondents indicated that they intended to seek full-time employment. Of those, 52 percent are currently employed full-time.
- Eighteen percent of all respondents indicated that they intended to seek part-time employment. Of those, 11 percent are currently employed part-time.
- Three percent of all respondents indicated that they intended to seek self-employment. Of those, 67 percent are currently self-employed.
- Forty-one percent of all respondents indicated that they intended to retire. Of those, 88 percent are currently retired.

None of the respondents indicated that they were eligible for preference-in-hiring status, reported they had applied for a job with preference-in-hiring status, or had taken a job where they had preference-in-hiring status.

Eighteen percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 92 percent felt the training/education they received was helpful in finding a new job. Thirteen percent of respondents indicated that they used the outplacement center, and 58 percent of those using the service reported that it was helpful in finding employment. Overall, 76 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Sixty-six percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the Sandia National Laboratory. Seventy-two percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 84 percent stated that the plan benefits were clearly explained. Overall, 83 percent expressed satisfaction with their treatment during downsizing.

II.4.13.7 Future of the Site

The current size of the Laboratories appears to be at an affordable level and will permit a hiring program that will strengthen its efforts in cutting-edge technologies. It is expected that an ongoing process of internal movement, retraining of employees, and normal attrition will accommodate any staffing impacts. Significant restructuring for FY 1998 is not anticipated.

II.4.13.8 Accomplishments and Lessons Learned

Accomplishments:

The fact that there were no involuntary separations of full-time employees as a result of Sandia's two workforce restructuring activities highlights the success of its reengineering efforts. A number of factors contributed to this success.

- Organizational teamwork and senior management support were instrumental in realizing successful restructuring. All organizations worked together toward the common goal of no involuntary layoffs, and senior management acknowledged their ownership of the process, actively supporting it and being personally involved in the details of the decision-making.

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- Effective communications were critical to our success. Sandia was able to clearly communicate to employees in a timely fashion the situation they were facing. This communications took place on several levels:
 - Managers to employees. Managers received information regarding the corporate activities through ‘town meetings’ and a published information guide. They, in turn, conducted meetings of their ‘direct-report’ employees to share information, answer questions, and relay concerns.
 - Individual employees. Every employee also received a packet of information on the day of the announcement. The packet included information on the voluntary separation incentive package, assistance contacts, and guidance on job openings in the Laboratories.
 - Internal media. Used several methods, including the *Lab News* (bi-weekly newspaper), the Internal Web’s *Daily News*, and the *Weekly Bulletin*; and a letter from the President of Sandia was also distributed to all employees.
 - Weekly forums. During the restructuring actions, meetings were conducted weekly among representatives from all Vice Presidents and Human Resources to record progress and work unresolved issues.
- Sandia first implemented and communicated its policy regarding the realignment of impacted employees to new work/jobs in September 1995, providing an early framework for eventual restructuring activities. Over two years in development, it describes the principles which drive decision-making regarding realignment, the responsibilities of Sandia’s executives, managers, and employees in the process, and the events which mark progress through the process.
- One particular feature of the voluntary separation incentive package was offering the voluntary separation incentive to both impacted and non-impacted employees. Employees whose work was being reduced were identified as “impacted” employees. Their options included finding another position at the Laboratories or electing a voluntary separation with incentive. However, if an impacted employee did not want to voluntarily separate, he or she could “backfill” the job of a non-impacted employee who would like to separate. A voluntary separation incentive package application could be approved for a non-impacted employee as long as it saved the job of an impacted employee. This created a “win-win” situation for all concerned: the impacted employee did not have to separate, the non-impacted employee separated with an incentive, and no involuntary separations were required.

- Strategic partnerships between Human Resources and line organizations were also instrumental in the success of work force restructuring. The Strategic Staffing Forum is an assembly of representatives from all vice presidencies (and chaired by the Laboratories' Staffing manager) which addresses corporate-wide staffing issues. It is an effective clearinghouse of information and exchange between Human Resources and the various lines of business regarding the appropriate conduct and timing of restructuring activities. The Human Resources Staffing Planning function provides the tools and analysis to support the organizations in the description of its staffing needs. The Employee Development Center supports employees in their career development, underscoring the principle of employee "ownership" of job and career at Sandia.

Lessons Learned:

- Communication, while acknowledged as one of the strongest features of the first separation program, was identified as an area where even more improvement could be made. Information available to employees through the use of electronic communication on Sandia's Internal Web was timely and up-to-the-minute. It included information guides for managers and employees, and a resource list of assistance-related contacts, and a dynamic list of job openings available to impacted employees.
- Making a list of potential job openings to impacted employees proved valuable. A list of openings from across the Laboratories was compiled and posted on the Internal Web. Impacted employees could bid on any jobs for which they qualified. The process required hiring managers to consider any impacted employees who bid on the jobs.
- Advertising positions that would be available to impacted employees upon non-impacted employees' departures was a very useful tool for restructuring. As described above, the voluntary separation incentive package application of a non-impacted employee could be approved if it saved the job of an impacted employee. A list of the positions of non-impacted employees who wished to separate was made available on the Internal Web to streamline the process of linking an impacted employee to the job of a non-impacted employee.

II.4.14 Savannah River Site

II.4.14.1 Background

The Savannah River Site covers approximately 310 square miles along the Savannah River in three counties in South Carolina. In the summer of 1950, the United States was developing a hydrogen bomb and the Soviet Union had begun nuclear weapons testing. By the end of that year, the United States Atomic Energy Commission (which later became the Department of Energy) announced it would build a facility to produce tritium and plutonium for the Nation's nuclear weapons stockpile. The site would include five nuclear reactors, two chemical separations areas, feed material facilities, and a facility to produce heavy water (water with a preponderance of its hydrogen atoms as the isotope deuterium).

Initial operations began in October 1952, and the first reactor became operational in December 1953. The first shipment of plutonium was shipped in December 1954. The Savannah River Site continued to produce special nuclear materials until 1988, when the last operating reactor was shut down.

After more than 40 years of operation, the SRS has accumulated and stored massive quantities of radioactive waste. Emphasis on waste management along with environmental restoration missions grew substantially over the years and have now become a significant element of the Site's overall mission. These functions increased by 35 percent from the end of the Cold War in September 1991, through FY 1997.

The following provides a detailed description of current missions.

Tritium: The tritium mission includes unloading reservoirs and recycling tritium, remanufacture of returned reservoirs, loading tritium and other gases into reservoirs, extracting gas from available targets and purifying the tritium, and testing tritium delivery systems and performing reservoir stockpile surveillance.

Spent Fuel: Spent nuclear fuel and irradiated production reactor targets are managed in onsite concrete, water-filled storage basins. The fuel originated from the site's production reactors and from domestic and foreign research reactor programs.

Canyon Operations: Two primary separations facilities - F Canyon and H Canyon - are where nuclear materials have historically been chemically recovered and purified. Currently, F Canyon is dissolving and processing Taiwan Research Reactor spent fuel. H Canyon is preparing to start up head end and dissolver operations for processing Mark 16 and Mark 22 fuel targets.

Waste Management: Weapons material production at SRS has produced 34 million gallons of high-level radioactive waste stored in underground tanks. The Defense Waste Processing Facility is processing this waste to bond the radioactive elements in borosilicate glass, a stable storage form. Other activities involving operations that must be safely managed include the treatment, storage and disposal of low-level solid and liquid radioactive, transuranic, hazardous, mixed, and sanitary wastes.

Environmental Restoration: The site's environmental restoration program is responsible for assessment and cleanup of contaminated, radioactive, hazardous and non-hazardous waste sites that are no longer part of active operations. It includes over 400 units ranging in size from a few feet to tens of acres.

II.4.14.2 History of Work Force Restructuring

From the beginning of FY 1993 through the end of FY 1996 there were approximately 6,700 prime contractor separations, 83 percent have been voluntary and 17 percent have been involuntary.¹⁴ There were also approximately 2,100 subcontractor separations from FY 1993 through FY 1996.

In April, 1993 SRS announced a work force restructuring of approximately 2,600 positions based on budget reductions and changes in site missions. The challenge was to manage the employment reduction while minimizing, to the extent practical, the impact on individuals and on surrounding communities. Based on the information available at that time, it was expected that about 1,400 positions would be reduced through attrition, including the ebb and flow of construction crafts and the release of temporary workers, and about 1,100 positions would be reduced through an early retirement incentive and incentivized voluntary separation programs. It was anticipated that only about 100 full-service employees would be involuntarily separated.

Actual reductions for FY 1993 and FY 1994 were approximately 3,550, including approximately 1,440 subcontractor/temporary/construction worker separations. There were approximately 970 separations through attrition, approximately 730 through the early retirement, approximately 380 through the voluntary separation program, and approximately only 30 involuntary reductions. The majority of the reductions took place in FY 1993, with minor reductions in FY 1994.

¹⁴

Total prime contractor separations from FY 1993 through FY 1996 includes approximately 970 separations through attrition at no cost to the Department. Of those separations, approximately 870 were not included in the FY 1993/1994 Annual Report due to a change in tracking separations through attrition.

In February 1995, the site announced a second work force restructuring of approximately 4,200 positions based on the continuing need to reduce federal expenditures, on changing site missions, and on contractor reform initiatives including additional fixed-price contracting. Actual reductions in total contractor employment for FY 1995 totaled approximately 3,900, including approximately 420 subcontractor employees. There were 71 percent voluntary reductions and 29 percent involuntary.

In March 1996, continuing pressures surrounding the FY 1996 and FY 1997 budgets caused the Department to announce that approximately 1,950 additional positions at SRS were to be eliminated in FY 1996. These planned reductions were to occur through means of normal attrition, a voluntary separation program, followed by an involuntary reduction-in-force. However, in April 1996, the Department announced a moratorium on all involuntary separations through December 31, 1996.

The planned voluntary separations programs were implemented and resulted in approximately 290 contractor employees separating voluntarily. This was a significantly smaller number than originally planned prior to announcement of the moratorium on involuntary separations. Total reductions for FY 1996 were approximately 1,200 contractor employees, including around 200 subcontractor employees. There were 53 percent voluntary reductions and 47 percent involuntary. All involuntary separations occurred before the announcement of the moratorium or were part of the ebb and flow process due to normal completion of work. None of the involuntary separations were permanent prime contractor employees.

II.4.14.3 Current Work Force Restructuring

The involuntary reductions planned for FY 1996 began in January 1997 after the moratorium on involuntary separations ended. Based on a revised work force analysis conducted in December 1996, approximately 876 reductions were needed by April 1997. Actual reductions in contractor employment totaled 676 from January 1997 through March 1997. Reductions included 235 full-service employees, 257 construction crafts employees, and 152 subcontractors.

The President's FY 1998 budget announced in February 1997 created a shortfall of over \$100 million from FY 1997 to FY 1998. To meet this shortfall, a further reduction in employment levels was anticipated and communicated to the Site workers and to the community. The preliminary announcement, based on a simple financial model, was that approximately 1,400 to 1,500 reductions would occur.

Through the work force analysis process, approximately 1,100 full-service positions were identified for a two-phase reduction between March 31, 1997 and September 30, 1997, including estimated attrition of 200 positions. Phase I reductions totaling 502 positions would be estimated for achieving greater efficiencies at the site. Phase II reductions totaling 427 would be

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critical/core skills needed for current and future missions, but identified for reduction due to anticipated budget levels. Phase I was scheduled for completion in June 1997 and Phase II was scheduled for completion in September 1997. In addition, approximately 80 positions were projected for reduction in FY 1998, due to completion of projects anticipated in December 1997. As of September 1997, only Phase I has taken place. Phase I reductions, including attrition totaled 603, compared to the 502 originally projected. Phase II has been delayed until budget decisions are made.

SITE: Savannah River		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	398	\$759,593	\$1,909
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only) (1)	87	\$759,593	\$8,731
1.3	Net Positions Reduced Through Attrition	311	\$0	\$0
2.0	Involuntary Separations (Severance Only)	750	\$4,381,299	\$5,842
2.1	With Benefits	593	\$4,381,299	\$7,388
2.1.1	Non-construction workers	462	\$4,033,699	\$8,731
2.1.2	Construction workers	131	\$347,600	\$2,653
2.2	Without Benefits (2)	157	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	1,148	\$5,140,892	\$4,478
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	555	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$2,341,905	
4.1	Displaced Worker Medical Benefits	455	\$541,871	\$1,191
4.2	Relocation Assistance	1	\$899	\$899
4.3	Separating or Separated Workers Using Outplacement	1,307	\$1,525,399	\$1,167
4.4	Education Assistance for Separated Workers	90	\$273,736	\$3,042
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$7,482,797	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	1,148	n/a	\$6,403
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	87	n/a	\$11,980
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	593	n/a	\$10,637
9.0	Other Separations	244	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated	244	\$0	\$0

Exhibit II.27 Savannah River Work Force Restructuring Summary

There were 1,148 net prime contractor positions reduced in FY 1997, 35 percent were voluntary and 65 percent were involuntary (Exhibit II.27). Of the 398 voluntary reductions, 87 were non-

retirement voluntary separations resulting from the successful involuntary substitution program. Also included in the involuntary reductions were 311 net positions reduced through attrition. Of the 750 involuntary separations, 593 were with benefits and 157 net positions were reduced without benefits.

In addition to the reductions, there were 507 nonexempt workers reassigned within their seniority units in FY 1997. Most were within a department or facility, and were associated with the same job title; therefore, no retraining was needed. The majority of the units had a net decrease in staffing which provided no opportunities for nonexempt employees to move into other units even if retraining programs had been made available.

There were also 48 exempt employees whose positions were eliminated that were reassigned to vacancies in other parts of the organization. Placement of these employees was based on the determination that the employee was qualified to perform in the new position. Therefore, no formal retraining programs were necessary.

Outsourcing. There have been six outsourcing initiatives at the Savannah River Site . All employees impacted by these initiatives have been transferred to other open position onsite or were offered and accepted position with the outsourced company.

Rehires. No employees who received a voluntary separation incentive were reported to have been rehired in a position that is included in the site headcount. There were some employees who went to work with WSMS under a special contract arrangement, these employees are not included in the site headcount.

II.4.14.4 Cost and Cost Savings

The total work force restructuring cost incurred in FY 1997 was \$7.5 million, with an estimated fully-burdened cost of \$6,400 per separation (Exhibit II.27). The average incentive cost of non-retirement voluntary separation was \$8,700, with a fully-burdened cost of \$12,000 with benefits. The average severance cost of an involuntary separation was \$7,400, with fully-burdened cost of \$10,600 with benefits. The average cost of: extended medical benefits was \$1,200, of relocation assistance was \$900, outplacement was \$1,200, and education assistance was \$3,000.

The annual savings in salary and benefits for the 1,148 net prime contractor positions reduced is \$77.5 million, for a one-time cost of \$7.5 million.

II.4.14.5 Outplacement

Outplacement assistance continues to be a strong aspect and a very successful element of the

Site's work force restructuring program. For the past three years, the outplacement center has been managed by the Westinghouse Savannah River Corporation-Human Resources Division with assistance from Drake Beam Morin, Inc., an outplacement firm. Services included in the outplacement center are: career transition workshops, skill and personality assessments, focus group discussions, resume preparation, a job posting room which includes five local and national databases, a library, telephone, internet access, fax services, and counseling.

In FY 1997, the outplacement center reported significantly higher utilization earlier in the restructuring process than in previous years. The positive feedback and past successes of those using the outplacement center's services in previous years is believed to be the primary factor for the increased utilization rate. In addition, the outplacement center reported a substantially improved morale of displaced workers using the outplacement center in FY 1997 compared to previous years. Again, this is attributed to the high rate of successful transitions by previously displaced workers.

Preference in Hiring. There is a total of approximately 180 former site employees who have current preference-in-hiring eligibility forms on file. During FY 1997 two preference-in-hiring candidates from other Department of Energy sites were selected for positions with Westinghouse Savannah River Corporation.

II.4.14.6 Status of Displaced Workers

Only eight percent of the FY 1996 displaced workers from the Savannah River Site responded to the Department of Energy Work Force Restructuring Questionnaire. Ninety-six percent of the respondents reported that they had left the work force voluntarily. The following reflects respondents' intentions when leaving contractor employment as compared to their current status (when responding to the questionnaire):

- Thirty-four percent of all respondents indicated that they intended to seek full-time employment. Of those, 69 percent are currently employed full-time.
- Fifteen percent of all respondents indicated that they intended to seek part-time employment. Of those, 15 percent are currently employed part-time.
- Thirteen percent of all respondents indicated that they intended to seek self-employment. Of those, 46 percent are currently self-employed.
- Twenty-three percent of all respondents indicated that they intended to retire. Of those, 90 percent are currently retired.

Six percent of the respondents indicated that they were eligible for preference-in-hiring status;

three percent reported they had applied for a job with preference-in-hiring status; while two percent of respondents had taken a job where they had preference-in-hiring status.

Twenty-three percent of respondents received educational assistance from their contractor after leaving contractor employment, and of those looking for employment, 86 percent felt the training/education they received was helpful in finding a new job. Forty-six percent of respondents indicated that they used the outplacement center, and 89 percent of those using the service reported that it was helpful in finding employment. Overall, 61 percent expressed satisfaction with the types of benefits available to them when they were separated from employment.

Sixty-five percent of respondents reported that they were given the opportunity to review the work force restructuring plan at the Savannah River Site. Fifty-one percent of the respondents indicated that the work force restructuring plan was communicated adequately, and 56 percent stated that the plan benefits were clearly explained. Overall, 51 percent expressed satisfaction with their treatment during downsizing.

II.4.14.7 Community Transition

The Savannah River Regional Diversification Initiative (SRRDI) is the Community Reuse Organization for the Savannah River Site and was created by Congress in November 1993. SRRDI is a not-for-profit organization run by a 22-person Board of Directors appointed by local governments, chambers of commerce, and members of the South Carolina and Georgia Congressional Delegations.

SRRDI's overall objective is to create an environment conducive to technology based business startups, business expansions, and to attract new ventures to the SRRDI region. Through its efforts SRRDI helps diversify the region's economic base; create and retain high value, long-term private sector jobs; and transfer SRS Technologies to new and existing area firms for commercial application.

As of September 30, 1997, a total of \$43 million has been committed to the CRO, the SRS Operations Office, the M&O contractor, and other economic development associations. To date, \$12.6 million has been spent. A total of 2,117 jobs have been created or retained, with an additional 6,221 projected by the year 2001 (Exhibit II.28).

At the end of FY 1997, SRRDI has made significant progress in the Implementation Phase of the Regional Diversification Initiative by: completing seven rounds of the Seed and Challenge Fund competition; closing out the final three projects funded in the program's Planning Phase; entering commitments with two venture capital fund programs; and beginning the second year of operation of a Proposal Development Center in cooperation with a local university.

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FY 1993 through FY 1997					
Program Area	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2001 (Estimated)
Entrepreneurial Development	\$5,492,205	\$4,919,671	17	\$289,392	217
Financing Programs	\$6,191,662	\$1,186,158	73	\$16,249	2,758
Reuse of On Site Assets	\$711,005	\$512,000	294	\$1,741	1,131
Training	\$1,728,383	\$398,950	1,159	\$344	2,159
Land, Facilities, Research and Development Assistance	\$22,836,900	\$2,957,305	221	\$13,381	1,021
Planning / Program Management	\$5,994,470	\$2,658,020	353	\$7,530	1,052
Totals	\$42,954,625	\$12,632,104	2,117	\$5,967	8,338

Exhibit II.28 Savannah River Community Transition Funding and Job Creation

The first year of implementing the Regional Development Initiative resulted in significant progress toward regional economic diversification and high value job creation. SRRDI has received 56 proposals for the Seed and Challenge program resulting in funding for 14 diverse projects. Program participants have created or retained 58 private sector jobs in biotechnology, textile production, computer software development, telecommunications, steel production, environmental remediation, and electronics. Four new commercial products have been developed and three approved proposals are with companies owned by current or former SRS employees. Participating firms expect to create almost 600 new jobs within four years.

SRRDI is funding a technical training program at Aiken Technical College. The program is designed to improve the technical understanding and skills of workers allowing them to be more flexible and contribute in more ways to an individual company's success. The program has been very successful with participating companies crediting the program with helping retain more than 1000 workers.

In August 1997, Bridgestone/Firestone, a subsidiary of Bridgestone Corporation of Japan, announced that it will construct a 1.5 million square foot plant in Aiken County to produce radial light truck and car tires. The plant will employ 800 workers by the year 2000. Bridgestone was attracted to the skills available from site workers. Moreover, Aiken County and the State of South Carolina used a SRRDI funded planning study as a key element in persuading Bridgestone/Firestone to come to Aiken. As part of the incentive to attract Bridgestone/Firestone, SRRDI will provide \$3 million for training facility workers and for construction of a rail spur for the plant.

SRRDI has entered into a \$500,000 Limited Partnership Agreement with Crescent Capital of Columbia, South Carolina. Crescent has committed \$1.1 million of matching funds and has

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several prospects for investment in the region. SRRDI also has an agreement with Capital Insights of Greenville, South Carolina to invest up to \$1.5 million in the SRRDI region. Capital Insights would match any SRRDI investment on at least a one to one ratio from their \$12 million fund.

In FY 1995, Congress allocated \$36 million to establish the International Center for Applied Research over three years. In FY 1996, funding was limited to the initial \$12 million and the program's focus was redirected to university research, supporting industry partners, and peer review of work that could directly support Department of Energy and SRS programmatic needs. Centers of Excellence are being established at Savannah River in the areas of groundwater, radio ecology, soils, and solid waste minimization.

The Centers of Excellence for Groundwater, Radio Ecology, and Soils will be based at the site's Multi-Purpose Pilot Plant Campus (formerly known as TNX). The Savannah River Operations Office will select a non-profit management firm to manage and market the facilities and the Centers of Excellence. The Solid Waste Technology Center of Excellence will be established in conjunction with the Three Rivers Solid Waste Management Center under construction on the Savannah River Site by a group comprised of eight local county governments. Proposals for Solid Waste projects will be solicited in mid-1998.

The Savannah River Operations Office and the Westinghouse Savannah River Company have supported several small business expansions in areas surrounding the site through the identification, release from controls, and transfer of excess equipment from the site. Transfers of excess equipment played a major role in two economic development activities over the past year. The EFCO Corporation, an extruded aluminum door and window manufacturer, received equipment, originally purchased for several million dollars, at a reduced price in exchange for locating a major manufacturing facility adjacent to the site. Several EFCO suppliers are moving to the area and are interested in using excess SRS equipment in setting up their facilities. Bridgestone/Firestone is interested in using excess portable office buildings from the site until their permanent facilities can be constructed.

Four additional businesses were established in the Tri-County Alliance area with excess equipment obtained from the Site. Two of these companies are suppliers to EFCO. Trident Manufacturing provides anodized metal for EFCO's use in doors and window frames. Mid-American Manufacturing specializes in curving or forming metal. American Tubing Products makes tubing for automotive and heavy engine use. MacLumber uses discarded plastic and poly products to create plastic lumber products. Allendale, Bamberg, and Barnwell counties in South Carolina have received an additional 45 jobs from the new businesses.

A grant with the Lower Savannah Council of Governments for a Revolving Loan Fund has already created two new opportunities in the region for a total of ten additional jobs. These include MacLumber and Camovision, a manufacturer of sportsmen's glasses.

II.4.14.8 Future of the Site

The environmental restoration program at the Site is expected to grow significantly in the late 1990's as the Department begins to decontaminate and decommission nuclear facilities. Major projects are underway at the Site to clean up contaminated soils and to remove hazardous contaminants from groundwater. Future challenges include achieving consensus among key stakeholders on land use, establishing acceptance limits for residual contaminants consistent with projected land use, and developing cost-effective cleanup methods. The Site is actively pursuing potential new missions

Until the FY 1998 and FY 1999 Federal budget parameters are better defined, no speculation is possible concerning the need for further work force restructuring.

II.4.14.9 Accomplishments and Lessons Learned

Accomplishments:

- *Involuntary Separations Substitutions.* All of the reductions projected to occur in the first phase of reductions were planned as involuntary separations. However, due to overwhelming input by employees, the Department approved an involuntary separation substitution program. This program accommodated 87 people who wanted to separate, thereby saving the jobs of 87 who did not want to separate. Only 15 applications for the involuntary substitution program were rejected. Based on these numbers, this program was considered very successful. In addition, it did not increase costs, pose schedule delays, or allow for the loss of critical skills or core competencies.
- *Stakeholder Consultation.* In FY 1997, the coordination of staffing resources and services provided by the Restructuring Information Center was further improved to more quickly and thoroughly respond to questions and comments received from stakeholders (primarily employee stakeholders) via the hotline, e-mail, and other communication means. In addition, the roundtable discussions each Division Manager had with a representative sample of his or her division's work force provided an effective means of receiving and responding to employees' questions and comments. Should future restructurings occur, such employee and management roundtable discussions will be an integral part of the communications process.
- *No Adverse EEO Impact.* There was no adverse impact regarding minority, female, full-service, construction craft or subcontractor employees in either of the FY 1997 involuntary reductions-in-force. The nonexempt selection for reduction in force is based solely on seniority and therefore is not subject to EEO impact analysis.

Lessons Learned:

- Mid-month terminations require manual calculations that are time consuming, laborious, and have a higher potential for error, especially when a large number of terminations are done manually. End of the month termination dates are always more efficient.
- The anticipated savings from the Phase I reduction were \$9 million based on an employee release date of June 30, 1997. Savings are expected to be somewhat lower than anticipated due to the release date not occurring until July 18, 1997. Budget projections should be based on realistic milestones and milestones need to met to keep the reduction-in-force process and budget on schedule.
- In some cases, contractor management gave last minute warning to the guard force of anticipated security problems when the employees received their layoff notification. This did not provide sufficient time for the guard force to completely develop and implement a security plan. Managers should also give early notification to the guard force of any known medical problems of employees to be terminated so that necessary arrangements can be made to have an emergency personnel on standby. These issues will be reemphasized in future management training.
- It is impossible to precisely identify future workforce requirements when definitive decisions have not been made regarding assumptions and strategies for future work and missions. General projections will continue to be made based on the best information available.
- Employee communications lost their effectiveness due to their untimely releases. Early agreement on the type, sequence, approval process, and approving official for information to be disseminated to employees and stakeholders should be agreed upon in advance. Significant news releases regarding a reduction-in-force situation should be held until elected officials have been notified.
- Several employees submitted concerns indicating a lack of understanding of the exempt employee layoff selection process. This issue has been raised in the past indicating improvement is still needed in this area. A description of the mandatory and optional criteria used in determining exempt employees targeted for layoff will be better communicated to employees.

SECTION III: NON-DEFENSE SITES**III.0 Background**

Based on direction from the Secretary of Energy, the Office of Worker and Community Transition reviews and evaluates work force restructuring plans from all contractor-managed sites throughout the Department of Energy complex. While most of the non-defense sites are

SITE: Non-Defense Sites		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	597	\$8,707,691	\$14,586
1.1	Early Retirement	90	\$4,361,935	\$48,466
1.2	Non-Retirement Voluntary Separations (Severance Only)	227	\$4,345,756	\$19,144
1.3	Net Positions Reduced Through Attrition	280	\$0	\$0
2.0	Involuntary Separations (Severance Only)	168	\$1,198,441	\$7,134
2.1	With Benefits	155	\$1,198,441	\$7,732
2.1.1	Non-construction workers	155	\$1,198,441	\$7,732
2.1.2	Construction workers			
2.2	Without Benefits	13	\$0	\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	765	\$9,906,132	\$12,949
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	26	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites	7	\$0	\$0
4.0	Other Benefits Provided		\$872,584	
4.1	Displaced Worker Medical Benefits	202	\$762,113	\$3,773
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	73	\$35,870	\$491
4.4	Education Assistance for Separated Workers	37	\$74,601	\$2,016
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$10,778,716	n/a
6.0	NET POSITIONS REDUCED (Average Costs) (1)	765	n/a	\$14,572
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) (1)	227	n/a	\$22,393
8.0	INVOLUNTARY SEPARATIONS (All Benefits) (1)	155	n/a	\$10,981
9.0	Other Separations (2)	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

FOR ALL SITES

Note 1. See Historical Average Costs of Other Benefits for explanation of costs per recipients.

Note 2. Based on best available information; may be underreported due to variations in tracking subcontractor employment at different sites.

Exhibit III.1 Non-Defense Sites Work Force Restructuring Summary

smaller than defense nuclear sites, they are also undergoing restructuring because of budget adjustments, changing missions, and business procedures. There are 12 non-defense sites included in this report. Site-specific exhibits are included at the end of this section.

III.1 Separations

The non-defense sites included in this report separated 765 prime-contractor workers during FY 1997 (Exhibit III.1). Voluntary separations accounted for 597 separations, with the remaining 168 separations being involuntary. Of the voluntary separations, 280 positions were reduced through attrition, 227 were non-retirement voluntary separations, and 90 were early retirements (Exhibit III.2).

Exhibit III.2 Non-Defense Separations for FY 1997

III.2 Cost Savings and Separations Costs

Cost Savings. Based on total annual cost per employee, the potential yearly savings for non-defense site employees separated in FY 1997 is \$52 million for 765 workers separated in FY 1997. One-time costs associated with these separations were \$11 million in FY 1997. Exhibit III.3 illustrates the cost savings associated with the FY 1997 separations on a single year basis.

**Exhibit III.3 Annual Cost and Savings for FY 1997
Non-Defense Site Separations**

Separations Costs. The total cost of work force restructuring at non-defense sites in FY 1997 was \$11 million, with an estimated fully-burdened cost per separation of \$14,600. The average cost of an early retirement was \$48,500. The average incentive cost of non-retirement voluntary separations was \$19,100, with a fully-burdened cost of \$22,400 with benefits. The average severance cost for involuntary separations was \$7,700, with a fully-burdened cost of \$11,000 with benefits.

III.3 Mitigating Restructuring Impacts

Placement. A total of 26 workers in FY 1997 were placed in new positions at their sites without retraining. An additional seven employees were transferred to other sites. There were no costs incurred for internal or external placement.

Medical Benefits. In FY 1997, 202 employees received extended medical benefits for a total cost of \$762,000, for an average of \$3,800 per employee. Recipients may have been separated in prior years.

Relocation Assistance. No relocation costs were incurred in FY 1997.

Outplacement Assistance. In FY 1997, 73 separating employees received outplacement assistance with a total cost of \$35,900, for average of \$490 per employee. Recipients may have been separated in prior years.

Educational Assistance. Only 37 employees received educational assistance in FY 1997. Costs totaled \$74,600, for an average of \$2,000 per employee. Recipients may have been separated in prior years.

III.4 Site Summaries

The number of separations at the non-nuclear defense sites ranged from 18 to 189 workers. Individual site summaries for non-defense sites reporting work force restructuring in FY 1997 are included below.

III.4.1 Ames Laboratory

Ames Laboratory separated 68 workers in FY 1997, 60 voluntary and eight involuntary (Exhibit III.4). Of the voluntary separation, 54 positions were reduced through attrition and six workers took early retirement at an average cost of \$34,900 per separation. Additionally, 10 workers were placed elsewhere at the site without further training and six workers were transferred to other sites. The total work force restructuring costs incurred in FY 1997 were \$209,600.

III.4.2 Argonne National Laboratory

In FY 1997, Argonne National Laboratory was reclassified from a defense nuclear site to a non-defense site. The Department determined that the Laboratory did not meet the definition of a defense nuclear facility under the Atomic Energy Act, and that the work force changes that have occurred at the site were not related to a comprehensive change in mission resulting from the end of the Cold War. Argonne separated 189 employees in FY 1997, 125 voluntary and 64 involuntary (Exhibit III.5). Of the voluntary reductions, 101 were positions reduced through attrition, with 24 non-retirement voluntary separations at an average cost \$22,300 per separation. The average severance cost of the involuntary separations was \$6,100. The total work force restructuring costs incurred in FY 1997, including other benefits, were \$931,000, with an estimated fully-burdened cost per separation of \$6,400.

III.4.3 Bettis Atomic Power Laboratory

Bettis Atomic Power Laboratory separated 69 workers in FY 1997, all through attrition at no cost to the Department (Exhibit III.6). A total cost of \$6,500 was incurred for other benefits provided to workers separated in prior years. Three workers received extended medical benefits, six workers received outplacement assistance, and four workers received educational assistance.

III.4.4 Brookhaven National Laboratory

In FY 1997, Brookhaven National Laboratory was reclassified from a defense nuclear site to a non-defense site. The Department determined that the Laboratory did not meet the definition of a defense nuclear facility under the Atomic Energy Act, and that the work force changes that have occurred at the site were not related to a comprehensive change in mission resulting from the end of the Cold War. Brookhaven separated 69 employees in FY 1997, 61 voluntary and eight involuntary (Exhibit III.7). Of the voluntary separations, 51 were early retirements with an average cost of \$49,100 per separation and 10 were non-retirement separations with an average incentive cost of \$15,600. The average severance cost for involuntary separations was \$15,200. The total work force restructuring costs incurred in FY 1997, including other benefits, was \$3 million with an estimated fully-burdened cost per separation of \$41,200.

III.4.5 Fermi Laboratory

Fermi Laboratory separated 61 workers in FY 1997, 41 voluntary and 20 involuntary (Exhibit III.8). The 41 voluntary separations were positions reduced through attrition. Of the involuntary separations, 14 received average severance benefits of \$3,4000 each, while six were separated without benefits. Twelve workers received extended medical coverage at an average cost of \$900 each, while one used outplacement services at an average cost of \$3,500. The total work force restructuring costs incurred in FY 1997, were \$62,200, with an estimated fully-burdened cost of \$1,500 per separation.

III.4.6 Knolls Atomic Power Laboratory

There were no separations at the Knolls Atomic Power Laboratory in FY 1997. A total work force restructuring of cost \$23,350 was incurred for other benefits provided to workers separated in prior years (Exhibit III 9). Two workers received extended medical coverage at an average of \$3,000 per employee, and 12 received educational assistance at an average cost of \$1,400.

III.4.7 National Renewable Energy Laboratory

There were no separations at the National Renewable Energy Laboratory in FY 1997. A total work force restructuring cost of \$140,500 was incurred for other benefits provided to workers separated in prior years (Exhibit III.10). Thirty-three previously separated workers received extended medical benefits at an average cost of just over \$3,000 per recipient. Outplacement services were used by 17 workers at an average cost of \$2,400 per worker.

III.4.8 Naval Petroleum Reserve

The Elk Hills Naval Petroleum Reserve separated 18 workers in FY 1997, four were voluntary and 14 were involuntary (Exhibit III.11). The total work force restructuring costs incurred for FY 1997 were \$192,400, with an estimated fully-burdened costs per separation of \$12,700. The average separation incentive for voluntary separations was \$38,900 and the average severance cost for involuntary separations was \$1,000. Extended medical benefits were received by five workers at an average cost of \$2,300 per worker. Outplacement services were received by four workers at an average cost of \$2,800 per worker.

III.4.9 Princeton Plasma Physics Laboratory

Princeton Plasma Physics Laboratory separated 114 workers in FY 1997, 82 voluntary and 32 involuntary (Exhibit III.12). Of the voluntary separation, 41 workers took a non-retirement voluntarily separated with severance costs averaging over \$24,700 per worker, and 33 workers took early retirement at an average cost of \$49,900 per worker. The average severance cost for involuntary separations was \$19,600 per separation. Outplacement services were used by 51 workers at an average cost of \$500 per worker. Total work force restructuring costs incurred in FY 1997 were \$3.3 million, with an estimated fully-burdened cost of \$30,900 per worker.

III.4.10 Stanford Linear Accelerator Center

In FY 1997, Stanford Linear Accelerator Center separated a total of 45 workers, 23 voluntary and 22 involuntary (Exhibit III.13). No separation costs were incurred in FY 1997.

III.4.11 Strategic Petroleum Reserve

The Strategic Petroleum Reserve separated 109 workers in FY 1997. All of these separations were voluntary (Exhibit III.14). Of the total separations, there were 102 non-retirement voluntary separations with an average separation cost of \$18,300, and an additional seven

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positions were reduced through attrition. There were 82 workers who received extended medical benefits; with an average cost of \$4,500. Total work force restructuring cost incurred in FY 1997 were \$2.2 million, with an estimated fully-burdened cost per separation of \$20,200.

III.4.12 West Valley Demonstration Project

In FY 1997, West Valley Demonstration Project separated 23 employees for a total cost of \$618,000 and an average incentive cost of \$26,900 (Exhibit II.15). All separations were voluntary. Enhanced separation benefits were not provided.

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SITE: Ames Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	60	\$209,554	\$3,493
1.1	Early Retirement	6	\$209,554	\$34,926
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition	54	\$0	\$0
2.0	Involuntary Separations (Severance Only)	8	\$0	\$0
2.1	With Benefits	8	\$0	\$0
2.1.1	Non-construction workers (1)	8	\$0	\$0
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	68	\$209,554	\$3,082
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	10	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites	6	\$0	\$0
4.0	Other Benefits Provided		\$0	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$209,554	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	68	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	8	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. Workers receive increased notice of separation in lieu of severance payments, therefore no costs associated with these separations.

Exhibit III.4 Ames Laboratory Work Force Restructuring Summary

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SITE: Argonne National Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	125	\$535,081	\$4,281
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only) (1)	24	\$535,081	\$22,295
1.3	Net Positions Reduced Through Attrition	101	\$0	\$0
2.0	Involuntary Separations (Severance Only)	64	\$387,809	\$6,060
2.1	With Benefits	64	\$387,809	\$6,060
2.1.1	Non-construction workers	64	\$387,809	\$6,060
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	189	\$922,890	\$4,883
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	1	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$8,476	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	15	\$8,476	\$565
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$931,366	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	189	n/a	\$6,396
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	24	n/a	\$25,544
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	64	n/a	\$9,309
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. Includes 13 employees eligible for normal retirement that accepted voluntary separations.

Exhibit III.5 Argonne National Laboratory Work Force Restructuring Summary

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SITE: Bettis Atomic Power Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	69	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition	69	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	69	\$0	\$0
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites	1	\$0	\$0
4.0	Other Benefits Provided		\$6,470	
4.1	Displaced Worker Medical Benefits (1)	3	\$0	\$0
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	6	\$840	\$140
4.4	Education Assistance for Separated Workers	4	\$5,630	\$1,408
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$6,470	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	69	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. No costs due to self funding by the contractor, and contributions exceeded claims by marginal amount.

Exhibit III.6 Bettis Atomic Power Laboratory Work Force Restructuring Summary

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SITE: Brookhaven National Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	61	\$2,660,409	\$43,613
1.1	Early Retirement	51	\$2,504,381	\$49,106
1.2	Non-Retirement Voluntary Separations (Severance Only)	10	\$156,028	\$15,603
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	8	\$121,777	\$15,222
2.1	With Benefits	8	\$121,777	\$15,222
2.1.1	Non-construction workers	8	\$121,777	\$15,222
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	69	\$2,782,186	\$40,322
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	11	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$266,300	
4.1	Displaced Worker Medical Benefits	65	\$266,300	\$4,097
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$3,048,486	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	69	n/a	\$41,169
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	10	n/a	\$18,852
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	8	n/a	\$18,471
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

**Exhibit III.7 Brookhaven National Laboratory Work Force
Restructuring Summary**

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SITE: Fermi Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	41	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition	41	\$0	\$0
2.0	Involuntary Separations (Severance Only)	20	\$47,855	\$2,393
2.1	With Benefits	14	\$47,855	\$3,418
2.1.1	Non-construction workers	14	\$47,855	\$3,418
2.1.2	Construction workers			
2.2	Without Benefits	6	\$0	\$0
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	61	\$47,855	\$785
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	1	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$14,367	
4.1	Displaced Worker Medical Benefits	12	\$10,867	\$906
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	1	\$3,500	\$3,500
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$62,222	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	61	n/a	\$1,530
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	14	n/a	\$6,667
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit III.8 Fermilab Work Force Restructuring Summary

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SITE: Knolls Atomic Power Lab		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	0	\$0	\$0
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$23,350	
4.1	Displaced Worker Medical Benefits	2	\$6,050	\$3,025
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers	12	\$17,300	\$1,442
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$23,350	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	0	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit III.9 Schenectady Naval Reactor/Knolls Atomic Power Laboratory Work Force Restructuring Summary

Office of Worker and Community Transition

SITE: National Renewable Energy Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)			
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	0	\$0	\$0
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$140,520	
4.1	Displaced Worker Medical Benefits	33	\$100,201	\$3,036
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers	17	\$40,319	\$2,372
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$140,520	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	0	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. NREL operated a career development center for separated workers using existing human resource staff in FY 1997. Because usage and costs were minimal, none are reported.

Exhibit III.10 National Renewable Energy Laboratory Work Force Restructuring Summary

Office of Worker and Community Transition

SITE: Naval Petroleum Reserve - Elk Hills/Casper (1)		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	4	\$155,710	\$38,928
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	4	\$155,710	\$38,928
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	14	\$14,000	\$1,000
2.1	With Benefits	14	\$14,000	\$1,000
2.1.1	Non-construction workers	14	\$14,000	\$1,000
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	18	\$169,710	\$9,428
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$22,648	
4.1	Displaced Worker Medical Benefits	5	\$11,296	\$2,259
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers	4	\$11,352	\$2,838
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$192,358	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	18	n/a	\$12,677
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	4	n/a	\$42,177
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	14	n/a	\$4,249
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. Includes combined data on NPR in Colorado, Utah, Wyoming and California.

Exhibit III.11 Naval Petroleum Reserve - Elk Hills/Casper Work Force Restructuring Summary

Office of Worker and Community Transition

SITE: Princeton Plasma Physics Laboratory		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	82	\$2,659,000	\$32,427
1.1	Early Retirement	33	\$1,648,000	\$49,939
1.2	Non-Retirement Voluntary Separations (Severance Only)	41	\$1,011,000	\$24,659
1.3	Net Positions Reduced Through Attrition	8	\$0	\$0
2.0	Involuntary Separations (Severance Only)	32	\$627,000	\$19,594
2.1	With Benefits	32	\$627,000	\$19,594
2.1.1	Non-construction workers	32	\$627,000	\$19,594
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	114	\$3,286,000	\$28,825
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining	3	\$0	\$0
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$23,054	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement	51	\$23,054	\$452
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$3,309,054	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	114	n/a	\$30,905
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	41	n/a	\$27,908
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	32	n/a	\$22,843
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit III.12 Princeton Plasma Physics Laboratory Work Force Restructuring Summary

Office of Worker and Community Transition

SITE: Stanford Linear Accelerator Center		FY 1997		
		Workers	Costs (1)	Cost/Recip.
1.0	Positions Reduced Voluntarily	23	\$0	\$0
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	23	\$0	\$0
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	22	\$0	\$0
2.1	With Benefits	15	\$0	\$0
2.1.1	Non-construction workers	15	\$0	\$0
2.1.2	Construction workers			
2.2	Without Benefits	7	\$0	\$0
	Net Positions Reduced and Costs (Primes only) -- Lines 1.0 + 2.0	45	\$0	\$0
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$0	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$0	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	45	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	23	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	15	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Note 1. All costs covered by the contractor (University of California).

Exhibit III.13 Stanford Linear Accelerator Center Work Force Restructuring Summary

Office of Worker and Community Transition

SITE: Strategic Petroleum Reserve		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	109	\$1,869,595	\$17,152
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	102	\$1,869,595	\$18,329
1.3	Net Positions Reduced Through Attrition	7	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	109	\$1,869,595	\$17,152
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$367,399	
4.1	Displaced Worker Medical Benefits	82	\$367,399	\$4,480
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$2,236,994	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	109	n/a	\$20,193
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	102	n/a	\$21,578
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

Exhibit III.14 Strategic Petroleum Reserve Work Force Restructuring Summary

Office of Worker and Community Transition

SITE: West Valley Demonstration Project		FY 1997		
		Workers	Costs	Cost/Recip.
1.0	Positions Reduced Voluntarily	23	\$618,342	\$26,884
1.1	Early Retirement			
1.2	Non-Retirement Voluntary Separations (Severance Only)	23	\$618,342	\$26,884
1.3	Net Positions Reduced Through Attrition			
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0
2.1	With Benefits			
2.1.1	Non-construction workers			
2.1.2	Construction workers			
2.2	Without Benefits			
	Net Positions Reduced and Costs (Primes only) – Lines 1.0 + 2.0	23	\$618,342	\$26,884
3.0	Remaining Affected Workers		\$0	
3.1	Workers Placed without Retraining			
3.2	Workers Internally Placed through Retraining			
3.3	Transfers to Other Sites			
4.0	Other Benefits Provided		\$0	
4.1	Displaced Worker Medical Benefits			
4.2	Relocation Assistance			
4.3	Separating or Separated Workers Using Outplacement			
4.4	Education Assistance for Separated Workers			
5.0	TOTAL COSTS FOR FISCAL YEAR 1997	n/a	\$618,342	n/a
6.0	NET POSITIONS REDUCED (Average Costs)	23	n/a	\$26,884
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	23	n/a	\$26,884
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	\$0
9.0	Other Separations	0	\$0	\$0
9.1	Voluntarily Separated			
9.2	Involuntarily Separated			

**Exhibit III.15 West Valley Demonstration Project Work Force
Restructuring Summary**

APPENDIX A

Interim
Planning Guidance for
Contractor Work Force
Restructuring

Office of Worker and Community Transition

Department of Energy

February 1996

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**INTERIM PLANNING GUIDANCE FOR
CONTRACTOR WORK FORCE RESTRUCTURING**

I. INTRODUCTION

This planning guidance was prepared by the Department of Energy's Office of Worker and Community Transition (the Office) to plan for and mitigate the impacts of changes in the Department's contractor work force. The Office is directed to assure fair treatment of all concerned, while at the same time recognizing the unique conditions at each site and in each contract.

This guidance replaces guidelines issued by the Task Force on Worker and Community Transition on March 24, 1994. It is a product of the Department's experience over the past 2 years, and an extensive process of stakeholder and public involvement in shaping our worker and community transition policies. This process included national meetings on June 11, 1993, and on November 15 and 16, 1994. Comments were solicited from the public on a report, issued by Under Secretary Charles B. Curtis on August 24, 1994. Comments were also solicited on earlier versions of this guidance issued on April 22, 1993, and March 24, 1994. Additional stakeholder meetings were held on April 20 and 21, and September 13 through 15, 1995.

This guidance contains revisions and technical corrections to the document originally distributed on April 5, 1995. The Office intends to revise this interim guidance from time-to-time as warranted, based on comments received through notice and publication in the Federal Register, and other stakeholder comments and consultation. Except where otherwise noted, this guidance is not prescriptive. Cognizant field organizations have responsibility for planning work force restructuring. The Department's field organizations are in the best position to conduct full consultation with affected stakeholders on these plans and to understand the unique needs of work force restructuring at field facilities. Points-of-contact at each field organization are listed in Appendix A.

II. LEGISLATIVE PROVISIONS

On April 21, 1993, Secretary of Energy Hazel R. O'Leary created a task force "to coordinate worker and community transition assistance as the Department goes through periods of changing priorities." In large measure, the task force was created to implement section 3161 of the National Defense Authorization Act (the Act) for Fiscal Year 1993. For reasons of fairness, the Secretary directed that the process set forth in section 3161 should be applied to the extent practicable wherever work force restructuring takes place in the Department. Section 3161 requires the Secretary of Energy to develop a plan for restructuring the work force for a defense nuclear facility whenever there is a determination that a change in the work force is

necessary. The plan is to be developed in consultation with local, state, and national stakeholders, and submitted to Congress 90 days after notice of a planned work force restructuring has been given to the affected employees and communities. A work force restructuring plan must be updated annually and should include an evaluation of the implementation of the plan during the preceding year.

Section 3161 of the Act provides specific objectives to guide the preparation of the plan to minimize worker and community impacts. The plan should provide at least 120 days notice to employees and communities prior to beginning any involuntary separations. Reductions should be accomplished, when possible, through use of retraining, early retirement, attrition, and other options that minimize layoffs. To the extent practicable, the Department should offer a hiring preference to involuntarily separated employees. Employees should, to the extent practicable, be retrained for work in environmental restoration and waste management. Employees transferred to other Department facilities should receive relocation assistance. Terminated employees should be assisted in obtaining reemployment assistance, including outplacement services, appropriate retraining and education opportunities. The Department should provide local impact assistance to affected communities. Relevant sections of the Act are included as Appendix B.

Pursuant to section 3163, "defense nuclear facilities" for the purposes of section 3161 include the following types of facilities under the control or jurisdiction of the Secretary of Energy: atomic energy defense facilities involving production or utilization of special nuclear material; nuclear waste storage or disposal facilities; testing and assembly facilities; and atomic weapons research facilities. Department of Energy facilities that have been determined to be defense nuclear facilities for the purposes of section 3161 are listed in Appendix C.

III. GENERAL GUIDANCE

All work force changes, regardless of cause, should be managed by the cognizant field organization consistent with the objectives of section 3161 of the Act, and DOE Order 3309.1A covering Reductions in Contractor Employment.* Each plan should be developed by the field organization consistent with budget constraints, contractual provisions or other obligations. All aspects of a plan, including the mix and level of benefits offered, should be developed in consultation with the stakeholders at the affected facility, and other appropriate stakeholders to ensure, among other things, the judicious expenditure of public funds. The Office encourages field organizations to utilize the combination of work force restructuring mechanisms that will most effectively accomplish the restructuring objectives.

A. *Threshold for Plans*

Work force restructuring plans should be developed where changes in the nature or structure of the work force may affect 100 or more employees at a site within a 12-month period. Even when a full plan is not required, the objectives of section 3161 should be

followed, to the extent practicable within available resources. While the objectives of section 3161 should be considered in cases of smaller reductions, the formal process required by the law is not necessary. Approval from the Office and the responsible program and funding office should be received before any work force change is implemented.

B. Timing of Plans

Upon determining that a change in the work force is necessary, the appropriate field organization should immediately begin planning for the restructuring, and develop a schedule for preparing a work force restructuring plan, if required. One of the objectives of the Act is to give at least 120 days notice to the employees before involuntary layoffs begin. Although a 120-day advance notification may not always be possible, every effort should be made to meet or exceed this important objective. Field organizations should work with the Office to develop a schedule for plan development that meets the needs of the site. The work force planning described below should occur on a timeline that supports this advanced notification objective, to the extent practicable.

C. Work Force Planning

The Office is developing an integrated process for a work force planning system, pursuant to the Secretary's direction. In the interim, we will employ the best possible work force planning practices available, consistent with the objectives set forth below.

Developing a baseline assessment of the skills and capabilities of the current work force should be the initial step in the work force planning process. Field organizations should then consider the future missions and budget estimates to project the required work force skills needed to achieve the desired outcomes. Strategies should be developed for making the transition from the current baseline to the projected need, including retraining, voluntary separation incentives, and reductions-in-force. Particular attention should be directed to ensuring that workers with critical skills are retained.

D. Local Impact Assistance to Communities

The work force restructuring plan should be developed in coordination with, and in support of, the economic development objectives of nearby communities. Therefore, local officials and institutions involved in mitigating social and economic impacts anticipated to be caused by the Department's actions should be consulted in development of the plan. The plan should provide demographic and skills information about the affected work force, as well as other data that could help frame the community's economic development challenges and options. It should also discuss benefits, such as education and training, that will be provided to eligible employees that can augment

community-based economic development initiatives. Finally, it should address ways the Department can support local business creation, expansion, and attraction activities. Separate guidance was issued August 24, 1994, on economic development efforts that may be supported by the Worker and Community Transition Program. Copies of this guidance may be obtained from the Office.

E. Stakeholder Input to Plans

Consultation with local, state, and national stakeholders, as well as state and local government officials, is an essential element of the work force restructuring process. Input should be solicited and given consideration at appropriate points throughout the development of plans for work force restructuring. When possible, the Office recommends that field organizations make this Interim Planning Guidance available to their stakeholders in advance of the 120-day notification. This will give stakeholders a perspective on the parameters within which plans are prepared.

F. Role of Counsel

Work force restructuring raises many legal issues under a wide variety of statutes. Failure to comply with applicable laws can have significant consequences for both the Department and its contractors. It is therefore essential that counsel be involved in the formation and execution of the plans. Failure to present properly structured plans to the Office can result in delay and increased cost. Therefore, field organizations should include counsel as a member of the planning team.

G. The Role of DOE Contractors

While the Department may seek the assistance of its contractors in developing work force restructuring plans, the plans are Department of Energy products. In general, it is the Department's policy to make information available to the public that is available to the operating contractors and has bearing on the plans, unless such information is protected by law or regulation.

Department contractors are not identified by section 3161 of the Act as stakeholders who must be consulted in the preparation of work force restructuring plans. The exclusion of these contractors would be inappropriate, however, as they may be the principal resource of institutional knowledge on many restructuring issues, and may be the only source for certain information necessary for preparing a plan. They are the employers of the affected employees and are generally the administrators of the pension and other benefit plans involved. They are responsible for fulfilling their obligations to bargain with the collective-bargaining representatives of their employees regarding changes in contracts,

pension plans, other benefits, and any other mandatory bargaining issues necessitated by the restructuring plan, as well as for obtaining any waivers of claims or reemployment appropriate in any given situation. However, the Department is responsible for developing the plans.

H. Approval of Plans

By law, the Secretary submits work force restructuring plans to Congress, and thus is the official responsible for final approval. Involuntary separations should be carried out consistent with DOE Order 3309.1A, which requires prior notification to Headquarters. All notices of involuntary separation that affect more than 100 management and operating (M&O) employees at a single site require Secretarial approval. Early retirements and other voluntary separations may begin before final plan approval, after written approval by the Office, in order to reduce the number of involuntary layoffs. Draft plans should be submitted to the Office for concurrence prior to their release to stakeholders.

I. Plan Updates

Within a year of a work force restructuring plan's submission to Congress, or earlier if events suggest that it would be appropriate, the cognizant field organization should submit an update of the plan to the Office for the Secretary's approval and submission to Congress. The plan update, which is required by law, should evaluate the plan's implementation, including the number of workers receiving each benefit and the overall cost, and cost per participant of that benefit, together with information on retraining of retained employees, and subsequent reemployment of displaced workers. These plan updates should be provided to the Office for submission to the Congress even when a new plan is under development.

J. Funding for Plans

Limited funds are available for implementing the objectives of section 3161 of the Act for defense nuclear facilities, including economic development assistance. Funding for work force restructuring plans at facilities other than defense nuclear facilities should be sought from the program responsible for the activities subject to the work force restructuring. Likewise, benefits for workers at defense nuclear facilities affected by the changes due to business or efficiency decisions should be sought from the appropriation of the program making the change. These decisions include initiatives such as privatization, commercialization and reductions aimed at achieving improved efficiency.

The allocation of funds to mitigate the impact of restructuring on the workers decreases the funds available for continuing program responsibilities and economic development. No "standardized" allocation of funds is contemplated as it is highly unlikely that the

needs of any two work forces and communities undergoing a restructuring would be the same.

IV. SPECIFIC BENEFITS FOR CONSIDERATION

After work force planning has identified the classifications of workers at risk, consideration of specific benefits to mitigate involuntary separations should take into account available funding and the status of affected employees. In implementing the objectives of section 3161 of the Act, the Department recognizes a special responsibility to minimize the impact of work force restructuring on employees who were employed before September 27, 1991, the day President Bush announced the first unilateral reduction of the Nation's nuclear weapons stockpile, and the date the Department has chosen as the end of the Cold War. Appendix D contains the job attachment test that has been developed for determining those employees who participated in efforts to maintain the Nation's nuclear deterrent during the Cold War.

In developing a work force restructuring plan, the following benefits may be considered for affected workers. If adopted, specific offers and conditions should be described in the plan.

A. *Early Retirement*

The potential loss of employees with skills critical to achieving Departmental missions is a primary consideration in determining the appropriateness of early retirement incentives. When early retirement incentives are offered, it has generally been the Department's practice that the incentives are made available to all eligible employees. It is legally permissible to limit benefits by reasonable, objective categories such as job classification if such limitations do not give rise to unlawful discrimination or disparate impact of any kind. Enumeration of employees by name, or criteria having substantially the same effect, is not generally considered reasonable, unless the employer has utilized written, objective and neutral criteria in the selection process. Early retirement incentive programs must be consistent with applicable contracts.

All proposed retirement incentives including lump sum payments, additional years of service or reduction in age penalties, should be analyzed with respect to the likely candidates to accept, and potential effects on critical skills. Employee Retirement Income Security Act (ERISA), Age Discrimination In Employment Act (ADEA), and other related legal concerns must be considered and resolved early in the process. It is essential that proposed early retirement programs receive appropriate actuarial validation establishing that they do not result in discrimination in favor of highly compensated employees within the meaning of the Internal Revenue Code, or in discrimination on the basis of any protected category of employees with respect to employment laws such as ADEA, Title VII of the Civil Rights Act, and the Americans with Disabilities Act.

Employees receiving an incentive to retire should not receive educational assistance or relocation assistance. It is anticipated that the value of early retirement incentives will exceed the value of the benefits provided to other separating employees. Any lump sum incentives paid to retirees in lieu of pension formula enhancements may not exceed his or her previous year's salary consistent with Department of Energy Acquisition Regulation Part 970.3102-2(1)(6) and Federal Acquisition Regulation Part 31.205-6(j)(7).

The cognizant field organization should adopt as part of its plan mechanisms to ensure that individuals accepting an early retirement incentive are not inappropriately rehired. Such mechanisms could include post-employment restrictions, requiring repayment of the incentive, and limiting the number of waivers of any such restrictions for critically skilled individuals.

B. Voluntary Separation Incentives

Voluntary separations may be encouraged by offering severance, or enhanced severance payments. Applications for voluntary separation may be refused in order to preserve critical knowledge or skills. Those volunteering for separation may be offered educational assistance, and relocation assistance, and they may receive Displaced Workers Medical Benefits.

The cognizant field organization should adopt as part of its plan mechanisms to ensure that individuals accepting a voluntary separation incentive are not inappropriately rehired. Such mechanisms could include post-employment restrictions and require repayment of the incentive upon rehire. Individuals with critical skills should not be offered voluntary separation incentives unless sufficient personnel are available to fulfill mission requirements.

C. Educational Assistance for Separated Employees

Educational assistance should be considered for employees being voluntarily or involuntarily separated, except for employees accepting early retirement incentives. It is recommended that tuition assistance, and other reasonable and necessary educational expenses, be limited to not more than a total of \$10,000 over a period of not more than 4 years.

D. Relocation Assistance

Relocation assistance should be considered for workers being terminated and for those voluntarily separating, except for employees accepting early retirement incentives. Such assistance should particularly be considered for employees involuntarily separated who are hired at other Department facilities, but who do not qualify for relocation assistance

under the hiring contractor's policies. It is recommended that relocation assistance include actual and reasonable expenses for transportation, movement of household goods, and temporary living accommodations within a range of \$2,000 to \$5,000.

E. Retraining for New Missions Including Cleanup

Work force planning should identify training needs and provide such training to transition the existing work force to new missions as early in the process as possible. The Office recommends that all retraining for cleanup or other missions meet the following practicability test: the training should be aimed at jobs for which vacancies are expected in the near term; and the training should be able to be completed within a reasonable time-frame in relationship to those vacancies (not more than 6 months), and at a reasonable cost (not to exceed \$10,000). The suggested \$10,000 cap includes tuition, course materials and related instructional costs, but not trainee salaries.

F. Displaced Workers Medical Benefits

Displaced Workers Medical Benefits, while not specifically mentioned in the objectives of section 3161 of the Act, should be offered to all employees of M&O or other prime contractors to the Department as an extension of current medical benefits eligibility. Department of Energy Acquisition Letter No. 93-4, dated April 7, 1993, establishes guidelines for implementing this program.**

Eligible employees include voluntarily and involuntarily separated employees of M&O contractors who are not otherwise eligible for such coverage under another program. Under certain circumstances, an employee may be able to continue coverage, at the employee's expense, for pre-existing medical conditions excluded from coverage under another plan for which he or she becomes eligible. Retirees who are provided medical coverage through retirement programs or Medicare are not eligible for this program.

During the first year following separation, the contractor will continue to pay its portion of the former worker's medical premium, and the former employee will pay his or her normal share. During the second year, the former employee will pay half of the Consolidated Omnibus Budget and Reconciliation Act (COBRA) rate. During the third and subsequent years, the former employee will pay the full COBRA rate.

V. MANDATORY BENEFITS

The benefits described below must be offered to eligible employees:

A. Preference in Hiring

Section 3161 of the Act provides that, to the extent practicable, terminated employees at a defense nuclear facility should receive preference in filling vacancies in the work force of the Department of Energy and its contractors and subcontractors. The Department has determined that employees must be identified as having helped maintain the Nation's nuclear deterrent during the Cold War in order to qualify for this preference. The preference should be honored by all prime contractors, and by subcontractors whose contracts with the Department equal or exceed \$500,000 in value.

The Department has established the following criteria for determining eligibility for the hiring preference: the individual must be a former employee (1) who was involuntarily terminated (except if terminated for cause); (2) who meets the eligibility standards in Appendix D; and (3) who is qualified for the job at the time the work is to begin. Where qualifications are approximately equal, eligible individuals will be given preference in hiring. However, the preference will be administered consistent with applicable law, regulation, or executive order, and collective bargaining agreements. This preference is not immediately applicable in situations where positions become available through an outsourcing action or follow-on contract in which the current employees should first be offered their same or similar job with the replacement contractor in order to avoid a layoff.

An individual's hiring preference continues until termination by the action (or inaction) of that individual. Initially, and on an annual basis thereafter, eligible individuals must certify their desire to retain their hiring preference. The Office has developed a Preference in Hiring Eligibility Form for this purpose (Appendix E) which eligible individuals should submit to their DOE field organization. Actions that would terminate an individual's hiring preference include: voluntary termination or termination for cause from a position that was obtained through the exercise of the preference, or failure to comply with the annual certification requirement.

The Department developed the Job Opportunity Bulletin Board System (JOBBS) to simplify implementation of the hiring preference by eligible individuals, and by contractors and subcontractors. Those individuals who have applied for and have been determined to be eligible for the preference may have their résumés entered into JOBBS where they will be specifically identified as job seekers with hiring preference. Companies doing new hiring for Department of Energy work should place job announcements into JOBBS. Contractors and designated subcontractors (those whose DOE contracts equal or exceed \$500,000 in value) will be instructed by the cognizant field organization to first seek eligible workers among those with the hiring preference listed in JOBBS. All other subcontractors should be encouraged to use JOBBS when

hiring for DOE work. Eligible individuals who do not want to enter their résumés into JOBBS are responsible for informing potential employers of their preference.

Each field organization should develop procedures to ensure that the hiring preference is being honored by all prime contractors and designated subcontractors. The procedures should state that eligible individuals have the responsibility to: (1) apply for the preference by submitting the Preference in Hiring Eligibility Form to the DOE field organization along with any necessary documentation for verification of their eligibility; (2) inform potential employers of their preference status; and (3) certify their continuing status through annual submission of the Preference in Hiring Eligibility Form. Field organization procedures should also describe how JOBBS can be used by eligible individuals to help fulfill these responsibilities and to aid their search for job openings that should honor the preference.

The procedures may establish criteria for use by hiring contractors who must choose among eligible workers who are equally qualified for the same job opening. One example would be assigning a higher priority to candidates within commuting distance of the new job. The procedures should also describe how potential disputes will be resolved. The Office will review the field organization procedures. The procedures should be posted where other material of worker interest is normally posted, such as employee bulletin boards.

The Department encourages negotiation to incorporate the hiring preference by agreements for division of work and arrangements for accommodations of internal union rules that might otherwise be obstacles to implementation of flowdown of the hiring preference to applicable subcontracts. Field organizations may facilitate implementation of the hiring preference by developing subcontract award criteria or performance measures and related fee incentives based on the hiring preference.

B. Construction Worker Benefit

Construction wage rates and benefits are structured to take into account the intermittent nature of construction work. In recognition of this, early plans generally limited benefits for construction workers to tuition assistance, outplacement support, preference in hiring and relocation assistance. However, it has been noted that many construction workers have maintained long-term relationships with the Department, and structured their lives around work at our facilities. Many of these relationships, which had been expected to continue, have been terminated as the general level of construction work declined following the end of the Cold War.

The Department has determined that construction workers who meet the job attachment test (Appendix D) may elect to receive a one-time benefit. In return for that benefit, these

construction workers, like other employees, may be required to waive the hiring preference. The one-time benefit should be consistent with the employer's established separation pay benefit, if applied, but should not exceed 6 weeks at base pay rates. The specific amount of this benefit, as well as other benefits for construction workers should be defined during the plan development and stakeholder consultation process. The Office does not suggest that special payments should be made into either pension or health and welfare benefits funds for these workers. The Office does not view this special benefit as a precedent-setting action for the construction industry since this benefit carries out the intent of legislation that uniquely applies to the Department of Energy's Federal, contractor and subcontractor work force.

Construction workers who receive the special benefit should be restricted from employment at a Department facility for a period not less than the period equal to the salary value of the benefit without specific approval of the Department or pro rata repayment of this benefit.

VI. ADMINISTRATIVE PROCEDURES

This section describes the administrative procedures that should be followed in developing a new work force restructuring plan or for modifying an existing plan.

A. 120-Day Notification

Field organizations should notify workers and communities of impending work force restructuring at least 120 days prior to making any involuntary separations. The cognizant field organization should issue a general announcement to all employees, employee representatives, and to the community at large that work force changes are required at the facility. The draft announcement should be coordinated with the Office. We will seek concurrence from Congressional, Public, and Intergovernmental Affairs and the appropriate program offices. Field organizations should allow at least 1 week for Headquarters approval of 120-day announcements.

It is important that the notice emphasize that the estimate of employees affected set out in the 120-day notice is a good faith estimate based on the information available at the time. The notice is the beginning of a downsizing process; this process and the related budget issues are necessarily fraught with uncertainties, making it difficult to predict the exact number of employees that will be affected. It is recognized that a 120-day notification may not be practicable under certain extraordinary circumstances; however, as much advance notice should be given as possible.

B. Develop Baseline Data

Field organizations should establish and maintain a baseline employment database that categorizes the total number of personnel employed on-site by contractor, program funding source and skill mix. As a basis for categorizing skills, the Office encourages field organizations to utilize the Common Occupational Classification System to ensure consistency across the Department. The baseline should also contain the number of people employed on a temporary or intermittent basis, and by subcontractor or support service contractors. Field organizations should provide this information to the Office on a quarterly basis. Field organizations are responsible for carrying out the data collection and analysis. Once the baseline information is established, the Office intends to conduct an independent audit to ensure data reliability, as appropriate in particular circumstances.

C. Analyze Mission Requirements

Field organizations should analyze, and revise as necessary, future mission requirements and the work force skills required to carry out those missions. Appropriate program offices are responsible for defining the parameters of the future missions. New or modified work force restructuring plans should include a detailed description of the methodology and analysis used to define the work force necessary to execute the missions.

D. Identify Positions Excess to Future Requirements

Based on the current work force, and the work force necessary to carry out future missions, the plan should identify the classification of employees that should be:

1. retained because they possess critical skills;
2. retained with little or no retraining;
3. retained with appropriate retraining; and
4. considered for voluntary separation incentives.

The analysis should also identify those job skills that are unlikely to be satisfied by existing workers.

E. Stakeholder Involvement

Early involvement of stakeholders in developing a work force restructuring plan is essential to identify and address issues and concerns that might impede the implementation of the plan. Stakeholders should also be given appropriate opportunity to comment on drafts of any new or modified work force restructuring plan as soon as the

draft plan has been cleared by the Office for release to the public. The Office will endeavor to concur on draft plans within 2 weeks of submission.

Stakeholder input may be received at public meetings, or through written or oral comments. Comments and suggestions of all stakeholders are important and should be considered in developing the final plans and incorporated where appropriate. For those comments and suggestions not incorporated in the draft plans, a brief explanation of the reason for not doing so should be documented. Every effort should be made to make the plan approved by the Secretary available to each stakeholder who commented on an earlier draft of the plan. A discussion of stakeholder involvement should be included as part of each plan.

F. Develop Voluntary Separation Program

After appropriate work force planning has been completed, field organizations should consider voluntary separation incentives to facilitate work force transition. Voluntary incentives must be approved in writing by the Office. Such approval can be sought, and the incentive can be offered, prior to completion of any new or modified work force restructuring plan.

Retirement incentives, accompanied by the appropriate analysis, should be presented for approval to the Office. The Office will coordinate analysis and evaluation of proposals with the Office of Procurement and Assistance Management, the Office of General Counsel, and the program office. Employees being offered early retirement or voluntary separation incentives must receive sufficiently specific information to satisfy ERISA requirements.

Early retirement incentives will be evaluated for their consistency with maintaining critically needed skills and any request should include a full justification in conformance with this requirement. Field organizations should provide an assessment of the costs and benefits of the proposed voluntary incentives, particularly in work force transitions designed to increase organizational efficiency. Field organizations should plan to provide at least 2 weeks for review by the Office and appropriate headquarters organizations. Voluntary separation programs should not be offered to employees at the same time as early retirement programs, except in special circumstances and with prior approval. Voluntary incentive programs should be completed prior to any involuntary separations. In exchange for the enhanced benefits employees receive in a voluntary separation program, it is the Department's policy to obtain from employees who separate under such a program a release of claims related to their employment and separation. The Department has adopted a model form of release, which is provided in Appendix F. Variations from the model may be required by state law or other special circumstances.

However, departures from the model will require Department approval, including from the Office of General Counsel.

G. Plan Approval

The Office will coordinate the appropriate review by other Headquarters offices before concurring with plans or approving requests to implement voluntary incentive programs. In general, the Office will seek review from the affected program office, General Counsel, Field Management, and Human Resources and Administration. Field organizations should allow 1 month for Secretarial approval of final Work Force Restructuring Plans.

Thirty copies, plus 1 reproducible master, of the final plan should be submitted to the Office for subsequent submission by the Secretary to the appropriate Congressional committees and delegations from affected States. The responsible field organization should also make distribution to interested local stakeholders, and to the points-of-contact at each cognizant field organization. The Office will make additional copies, if necessary, from the master for distribution within Headquarters and to interested national stakeholders.

H. Involuntary Separation

In general, involuntary separation notices may not be given until after Secretarial approval. The notices should identify the specific numbers and job titles to be laid off. Each affected individual should be notified of his or her termination. Involuntarily separated employees shall be fully advised of any benefits or services for which they are eligible. Appropriate labor representatives should be notified and letters prepared for local, county and state governments.

If layoffs are required that fall under the provisions of the Worker Adjustment and Retraining Notification Act (WARN), the employers must give the affected employees written notice of the layoffs at least 60 days prior to the date of the intended layoff. Employers may conduct the involuntary layoff by providing written notice to the affected employees that their termination date will occur 60 days thereafter. Compensation will continue during the 60-day period following the notice and where appropriate, employees may be excused from some or all duties during that period. If, during the 60-day period, an employee successfully obtains new employment, the employee must terminate the current employment relationship before beginning the new job, at which time the remaining salary payments shall cease. If this salary was paid in a lump sum, the pro rata share attributable to the period after the employee commences the new employment should be repaid. Repayment terms should be established within the restructuring plan and explained to employees during the exit interview process.

As a goal, all affected employees should receive their individual notification 60 days before layoff. When this is not possible, and the work force change is not subject to the provisions of the WARN Act, affected workers should receive as much layoff notice as practicable, but not less than 14 days. Intermittent workers are terminated when their work is completed.

I. Outplacement Assistance

Field organizations may provide outplacement assistance (including training and education) to voluntarily separated employees as soon as they exercise that option, and to involuntarily separated employees as soon as they are notified. Appropriate outplacement assistance can also be made available to employees who may be at risk after the 120-day announcement has been made. Outplacement assistance should be planned in advance and should be appropriate in light of the number of employees expected to need such assistance. Field organizations are encouraged to track the employment, education, and insurance status of displaced workers for at least 1 year after separation.

J. Budgeting for Plans

Plans must include a budget estimate for each initiative or benefit planned for mitigating impacts on workers. Budget estimates should be based on a realistic projection of the number of workers who will participate in each initiative and reflect the best cost estimates available. Estimated incremental costs to pension funds for early retirements should be based on actuarial estimates. It is not acceptable to request funds based simply on maximum possible participation in each initiative or benefit. For planning purposes, an average cost of \$15,000 to \$25,000 per position eliminated is a reasonable range for guiding decisions about the range of benefits offered. Where work force restructuring is justified by business efficiency decisions, the budget estimates should be accompanied by savings estimates and the proposed use of those savings. In general, funding authorizations will be made following final approval of a plan. Funding authorizations for certain initiatives, such as those encouraging voluntary separations, may be made earlier.

Office of Worker and Community Transition

Appendix A Office of Worker and Community Transition Contacts

Director: Bob DeGrasse	202-586-7550, FAX 586-8403
Deputy Directors:	
Terry Freese	202-586-5907, FAX 586-8403
Debby Swickow	202-586-0876, FAX 586-8403
Special Assistants:	
Tony Carter	202-586-0303, FAX 586-1540
Almira Kennedy	202-586-7550, FAX 586-1540
Ken Mireles	202-586-0303, FAX 586-1540
Program Communications: Patty Parizzi	202-586-7550, FAX 586-8403
Work Force Planning and /Restructuring:	
Terry Freese	202-586-5907, FAX 586-8403
Labor Relations:	
Lyle Brown	202-586-0431, FAX 586-1540
Deborah Sullivan	202-586-0452, FAX 586-1540
Community Transition:	
Bob Baney	202-586-3751, FAX 586-1540
Mike Mescher	202-586-3924, FAX 586-1540
Debby Swickow	202-586-0876, FAX 586-8403
Asset Management:	
Richard Aiken	202-586-0415, FAX 586-1737
Jack Blanchard	202-586-6703, FAX 586-1737
Sam Ferraro	202-586-5057, FAX 586-1737
Sandy Stiffman	202-586-4107, FAX 586-1737
Robert Wilson	202-586-4718, FAX 586-1737
Public Participation:	
Laurel Smith	202-586-4091, FAX 586-1540
Sheila Dillard	202-586-1311, FAX 586-1737
Clara Foster	202-586-5881, FAX 586-1737
Natasha Wieschenberg	202-586-5830, FAX 586-1540

Office of Worker and Community Transition

Work Force Restructuring Field Contacts

Felix Ortiz, Albuquerque Operations Office	505-845-4207, FAX 845-4715
Elaine Kocolowski, Chicago Operations Office	708-252-2334, FAX 252-2919
Russ Bennion, Idaho Operations Office	208-526-7281, FAX 526-5969
Bob Agonia, Nevada Operations Office	702-295-1005, FAX 295-1876
Bill Truex, Oak Ridge Operations Office	423-576-0662, FAX 576-6964
Donna Kelly, Oakland Operations Office	510-637-1829, FAX 637-2008
Carol Wilson, Ohio Field Office	513-865-4267, FAX 865-4312
Dom Sansotta, Richland Operations Office	509-376-7221, FAX 376-5335
Lenora Lewis, Rocky Flats Field Office	303-966-4263, FAX 966-3321
Gil Gilyard, Savannah River Operations Office	803-725-1206, FAX 725-5968
Jerry Wienberg, Kansas City Area Office	816-997-3348, FAX 997-5059
Alan Goetz, Pinellas Area Office	813-541-8114, FAX 541-8370
Dorothy Whitt, Pittsburgh Naval Reactors Office	412-476-7206, FAX 476-7310
Gene Gillespie, Portsmouth Site Office	614-897-2001, FAX 897-2982
Jimmie Hodges, Paducah Site Office	502-441-6800, FAX 441-6801
Ken Meeks, Naval Petroleum Reserves	805-763-6065, FAX 763-6318

Appendix B
Section 3161 of the National Defense
Authorization Act for Fiscal Year 1993
(Public Law 102-484, Oct. 23, 1992)

Subtitle E--Defense Nuclear Workers

**SEC. 3161. DEPARTMENT OF ENERGY DEFENSE NUCLEAR FACILITIES WORK
FORCE RESTRUCTURING PLAN**

(a) **IN GENERAL.**--Upon determination that a change in the work force at a defense nuclear facility is necessary, the Secretary of Energy (hereinafter in this subtitle referred to as the "Secretary") shall develop a plan for restructuring the work force for the defense nuclear facility that takes into account--

- (1) the reconfiguration of the defense nuclear facility; and
- (2) the plan for the nuclear weapons stockpile that is the most recently prepared plan at the time of the development of the plan referred to in this subsection.

(b) **CONSULTATION.**--(1) In developing a plan referred to in subsection (a) and any updates of the plan under subsection (e), the Secretary shall consult with the Secretary of Labor, appropriate representatives of local and national collective-bargaining units of individuals employed at Department of Energy defense nuclear facilities, appropriate representatives of departments and agencies of State and local governments, appropriate representatives of State and local institutions of higher education, and appropriate representatives of community groups in communities affected by the restructuring plan.

(2) The Secretary shall determine appropriate representatives of the units, governments, institutions, and groups referred to in paragraph (1).

(c) **OBJECTIVES.**--In preparing the plan required under subsection (a), the Secretary shall be guided by the following objectives:

- (1) Changes in the work force at a Department of Energy defense nuclear facility--
 - (a) should be accomplished so as to minimize social and economic impacts;
 - (b) should be made only after the provision of notice of such changes not later than 120 days before the commencement of such changes to such employees and the communities in which such facilities are located; and
 - (c) should be accomplished, when possible, through the use of retraining, early retirement, attrition, and other options that minimize layoffs.
- (2) Employees whose employment in positions at such facilities is terminated shall, to the extent practicable, receive preference in any hiring of the Department of Energy (consistent with applicable employment seniority plans or practices of the Department of Energy and with section 3152 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (Public Law 101-189; 103 Stat. 1682)).

(3) Employees shall, to the extent practicable, be retrained for work in environmental restoration and waste management activities at such facilities or other facilities of the Department of Energy.

(4) The Department of Energy should provide relocation assistance to employees who are transferred to other Department of Energy facilities as a result of the plan.(5) The Department of Energy should assist terminated employees in obtaining appropriate retraining, education, and reemployment assistance (including employment placement assistance).

(6) The Department of Energy should provide local impact assistance to communities that are affected by the restructuring plan and coordinate the provision of such assistance with--

(A) programs carried out by the Department of Labor pursuant to the Job Training Partnership Act (29 U.S.C. 1501 et seq.);

(B) programs carried out pursuant to the Defense Economic Adjustment, Diversification, Conversion, and Stabilization Act of 1990 (Part D of Public Law 101-510; 10 U.S.C. 2391 note); and

(C) programs carried out by the Department of Commerce pursuant to title IX of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3241 et seq.).

(d) IMPLEMENTATION.--The Secretary shall, subject to the availability of appropriations for such purpose, work on an ongoing basis with representatives of the Department of Labor, work force bargaining units, and States and local communities in carrying out a plan required under subsection (a).

(e) PLAN UPDATES.--Not later than one year after issuing a plan referred to in subsection (a) and on an annual basis thereafter, the Secretary shall issue an update of the plan. Each updated plan under this subsection shall -- (1) be guided by the objectives referred to in subsection (c), taking into account any changes in the function or mission of the Department of Energy defense nuclear facilities and any other changes in circumstances that the Secretary determines to be relevant; (2) contain an evaluation by the Secretary of the implementation of the plan during the year preceding the report; and (3) contain such other information and provide for such other matters as the Secretary determines to be relevant.

(f) SUBMITTAL TO CONGRESS.--(1) The Secretary shall submit to Congress a plan referred to in subsection (a) with respect to a defense nuclear facility within 90 days after the date on which a notice of changes described in subsection (c)(1)(B) is provided to employees of the facility, or 90 days after the date of the enactment of this Act, whichever is later.(2) The Secretary shall submit to Congress any updates of the plan under subsection (e) immediately upon completion of any such update.

**Section 3163 of the National Defense
Authorization Act for Fiscal Year 1993**

SEC. 3163. DEFINITIONS

For purposes of this subtitle:

- (1) The term "Department of Energy defense nuclear facility" means--
 - (A) a production facility or utilization facility (as those terms are defined in section 11 of the Atomic Energy Act of 1954 (42 U.S.C. 2014)) that is under the control or jurisdiction of the Secretary and that is operated for national security purposes (including the tritium loading facility at Savannah River, South Carolina, the 236 H facility at Savannah River, South Carolina; and the Mound Laboratory, Ohio), but the term does not include any facility that does not conduct atomic energy defense activities and does not include any facility or activity covered by Executive Order Number 12344, dated February 1, 1982, pertaining to the naval nuclear propulsion program;
 - (B) a nuclear waste storage or disposal facility that is under the control or jurisdiction of the Secretary;
 - (C) a testing and assembly facility that is under the control or jurisdiction of the Secretary and that is operated for national security purposes (including the Nevada Test Site, Nevada, the Pinellas Plant, Florida; and the Pantex facility, Texas);
 - (D) an atomic weapons research facility that is under the control or jurisdiction of the Secretary (including the Lawrence Livermore, Los Alamos, and Sandia National Laboratories); or
 - (E) any facility described in paragraphs (1) through (4) that--
 - (i) is no longer in operation;
 - (ii) was under the control or jurisdiction of the Department of Defense, the Atomic Energy Commission, or the Energy Research and Development Administration; and
 - (iii) was operated for national security purposes.
- (2) The term "Department of Energy employee" means any employee of the Department of Energy defense nuclear facility, including any employee of a contractor or subcontractor of the Department of Energy employed at such a facility.

Appendix C
Listing of Defense Nuclear Facilities

The list below reflects facilities receiving funding for Atomic Energy Defense activities of the Department of Energy, with the exception of activities under Naval Reactor Propulsion. It is recognized that these facilities have varying degrees of defense activities, ranging from a total defense dedication to a very small portion of their overall activity. This may cause certain difficulties in implementing the intent of the section 3161 legislation. Regardless, this listing will be used by the Office for possible application of funding received for defense worker assistance and community transition purposes.

Kansas City Plant
Pinellas Plant
Mound Facility
Fernald Environmental Management Project Site
Pantex Plant
Rocky Flats Environmental Technology Site, including the Oxnard Facility
Savannah River Site
Los Alamos National Laboratory
Sandia National Laboratory
Lawrence Livermore National Laboratory
Oak Ridge National Laboratory
Nevada Test Site
Y-12 Plant
K-25 Plant
Hanford Site
Idaho National Engineering Laboratory
Waste Isolation Pilot Project
Portsmouth Gaseous Diffusion Plant
Paducah Gaseous Diffusion Plant

Appendix D
Job Attachment Test

In implementing the objectives of section 3161 of the Act, the Department recognizes a special responsibility to minimize the impact of work force restructuring on employees who participated in efforts to maintain the Nation's nuclear deterrent during the Cold War. September 27, 1991, the day President Bush announced the first unilateral reduction of the Nation's stockpile, has generally been recognized by this Department as the end of the Cold War.

In general, employees who meet the job attachment test discussed below should be eligible for most benefits offered in a work force restructuring plan. However, the benefits offered at a specific site should be tailored to specific conditions, to the demographics of the workers at that site, and must be practicable and reasonable with respect to budget constraints, contractual provisions, and other obligations. Thus, those who meet the job attachment test are not likely to be offered exactly the same benefits at all sites.

To identify employees who helped maintain our nuclear deterrent during the Cold War, the criteria listed below should be followed at all sites:

A. *Regular Employees:*

1. must have been working at a defense nuclear facility on September 27, 1991;
2. must have worked full-time (or regular part-time) at a facility from that date through the date of the 120-day notification; and
3. must accept a voluntary separation incentive or have been involuntarily separated.

B. *Intermittent Workers, Including Construction Workers:*

1. must have worked at a defense nuclear facility on or before September 27, 1991;
2. must have worked at a facility within 180 days preceding the work force restructuring notification;
3. must have worked at a facility a total time, including time worked prior to September 27, 1991, equivalent to an employee having worked full-time from September 27, 1991 to the date of the 120-day notification, or have

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actually worked the industry standard of full-time from September 27, 1991 through the date of the 120-day notification; and

4. must have been affected by the announced restructuring within a reasonable period of time (1 year is suggested). For an intermittent worker, this includes the interruption of a project before its anticipated completion, or the completion of the assignment or project without prospect for a follow-on assignment at the site where the employee had a reasonable expectation of a follow-on assignment.

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Appendix E
Example of Form for Establishing Preference in Hiring

**STATEMENT OF INTEREST IN MAINTAINING
SECTION 3161 EMPLOYMENT ELIGIBILITY**

Name: _____
 First Middle Last

Social Security Number: ____ - ____ - ____

Address: _____
 Street

 Apartment No.

 City State Zip

Telephone No. (____) ____ - ____

Date of Lay-off resulting from Work Force Restructuring: _____
 (Month/Day/Year)

Occupational Classifications held: _____

I hereby request that my name be placed, or retained, on the Section 3161 Preference in Hiring List for the (site name) and be considered for any job opportunities that may arise for which I am qualified at this or any other Department of Energy site. I also certify that I have not been terminated for cause from employment by a Department of Energy Contractor or Subcontractor while performing work at a Department of Energy site.

 Signature Date

Appendix F
Sample Release for Use in Work Force Restructuring Programs

VOLUNTARY SEPARATION PAYMENT PROGRAM
GENERAL RELEASE AND WAIVER

This Voluntary Separation Payment Program, General Release and Waiver ("Agreement") is entered into by and between _____ ("Employee") and _____ ("Employer"), as part of Employee's voluntary election to terminate employment with the Employer.

IN EXCHANGE FOR THE PROMISES SET FORTH BELOW, THE PARTIES AGREE AS FOLLOWS:

1. Employee voluntarily terminates his/her employment with Employer effective _____, 1995. Employee agrees not to seek employment with or become employed at the _____ Site by the Employer or any other future or current contractor or subcontractor at the Site for a period of _____ year(s) from the date of Employee's resignation. This includes but is not limited to temporary employment service contracts, general task order assignments, indefinite quantity contracts, basic ordering agreements, and consultant contracts. However, this does not preclude Employee from employment with a company providing supplies, equipment, materials, or commodities to the Site under a fixed-price contract or purchase order.
2. Employee agrees that the Employer has no obligation to reemploy Employee in the future, and Employee waives any recall, rehire, or rehire preference rights, such as those that may arise under Section 3161 of the National Defense Authorization Act for Fiscal 1993. Employee agrees to perform all steps required by Employer's policies and procedures at the separation of his/her employment.
3. Except as set forth in paragraph 4 below, Employee, on behalf of himself/herself and any person or entity entitled to sue on Employee's behalf, waives and releases Employer, its parents, subsidiaries, and affiliates, the Department of Energy, and their employees, officers, directors, shareholders, agents, and successors from any causes of action or claims, whether known or unknown, that arise out of the Employee's resignation and separation of employment with Employer and any causes of action or claims that arise out of Employee's employment with Employer, up to and including the date of Employee's resignation, under any federal, state or local law, including but not limited to the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act of 1990, Title VII of the 1964 Civil Rights Act, the Equal Pay Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act, and the Americans with

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Disabilities Act, or applicable state or local law. Employee will not assert any claim or cause of action released under this agreement in any administrative or judicial proceeding.

4. HOWEVER, Employee does not waive:

- (i) any causes of action or claims that arise out of Employee's employment with Employer, up to and including the date of Employee's resignation, that have been asserted in writing and filed with the appropriate agency or court prior to {the date on which this Program was announced},¹
- (ii) any rights or claims that may arise after the date this Agreement is executed,
- (iii) any claims relating to pension or retiree health benefits that currently may be accrued under the Company's standard retirement program,
- (iv) any claims under any applicable state worker's compensation laws, or
- (v) any claims for occupational injuries or illnesses arising from Employee's employment with Employer that are not known or reasonably knowable by the Employee at the time of the execution of this Agreement.

5. In exchange for Employees' voluntary separation and execution of this Agreement, Employer will give Employee the consideration and benefits outlined in the description attached to this Agreement {The identification number or other designation for the document describing the benefits constituting consideration for this Agreement should be inserted at this point.}²

6. If Employee becomes employed as prohibited in paragraph 1 or otherwise violates any provision of this Agreement, then, in addition to any other remedies Employer has under this Agreement, Employer may require Employee to repay payments or other benefits under this Agreement, and Employee agrees to such repayment.

7. Employee has been advised to consider this Agreement and to consult with an attorney of his/her choice, and Employee has had the opportunity to do so. Employee has had the right to consider this Agreement for a period of at least forty-five (45) days prior to entering into this Agreement. Employee has the right to revoke this Agreement for a period of seven (7) days following execution of this Agreement by giving written notice to the local Human Resources representative. If Employee revokes the Agreement, it shall not be effective and enforceable and Employee will not receive any of the benefits described in paragraph 5. Employee has read and understands the terms and contents of

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this Agreement, and Employee freely, voluntarily, and without coercion enters into this Agreement and agrees to be bound by its terms.

8. This Agreement constitutes the entire understanding and agreement of Employee and Employer and can only be modified in writing agreed to by both parties.

9. Employee has received all of the information required to be disclosed in these circumstances under the Age Discrimination in Employment Act regarding who is covered by the Program, the eligibility factors, the time limits of the Program, the ages and job titles of everyone eligible for the Program, and the ages of ineligible employees in the same job classification or organizational unit.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF KNOWN AND UNKNOWN³ CLAIMS AS DESCRIBED IN PARAGRAPH 3, ABOVE, SUBJECT TO THE LIMITATIONS EXPRESSLY SET FORTH IN PARAGRAPH 4.

Agreed to:

Employee/date

{Employer}/date

NOTES

1. The issuing organization should insert at this point a specific date on which the Separation Program involved was first announced. In determining this date, the issuing organization should consider the specificity of information provided to the public in work force restructuring plans issued pursuant to section 3161, as well as the announcement of the individual separation program involved.

2. When this Agreement is used in association with early retirement programs, the following language should be added here: "Employer reserves the right to provide equivalent benefits in another form in the unlikely event that any aspect of the Program is improper under law."³ Counsel should check to be sure that this aspect of the Model Release fully comports with applicable state or local law.

*Order 3309.1A is being revised to incorporate the requirements of section 3161 of the Act and the organizational changes resulting from the creation of the Office of Worker and Community Transition.

**Subsequent to the issuance of Acquisition Letter No. 93-4, the Displaced Medical Benefits Program was expanded by memoranda to field organizations dated August 12, and December 2, 1993. The Department is currently revising Acquisition Letter No. 93-4 based on these

Office of Worker and Community Transition

memorandums. All separating employees of M&O contractors who were eligible for medical benefits prior to their separation from employment are eligible for continued coverage under the Displaced Workers Medical Benefits Program regardless of whether they meet the section 3161 job attachment test.

APPENDIX B

OFFICE OF WORKER AND COMMUNITY TRANSITION CONTACTS

Director: Bob DeGrasse	202-586-7550, FAX 586-8403
Deputy Directors:	
Terry Freese	202-586-5907, FAX 586-8403
Deborah Swichkow	202-586-0876, FAX 586-8403
Special Assistants:	
Tony Carter	202-586-3323, FAX 586-1540
Almira Kennedy	202-586-7783, FAX 586-8403
Program Communications: Pat Parizzi	202-586-7550, FAX 586-8403
Work Force Planning and Restructuring:	
Terry Freese	202-586-5907, FAX 586-8403
Labor Relations:	
Lyle Brown	202-586-0431, FAX 586-1540
Deborah Sullivan	202-586-0452, FAX 586-1540
Community Transition:	
Bob Baney	202-586-3751, FAX 586-1540
Mike Mescher	202-586-3924, FAX 586-1540
Deborah Swichkow	202-586-0876, FAX 586-8403
Asset Management:	
Richard Aiken	202-586-0415, FAX 586-1737
Jack Blanchard	202-586-6703, FAX 586-1737
Sam Ferraro	202-586-5057, FAX 586-1737
Sandy Stiffman	202-586-4107, FAX 586-1737
Robert Wilson	202-586-4718, FAX 586-1737
Public Participation:	
Sheila Dillard	202-586-1311, FAX 586-1737
Clara Foster	202-586-5881, FAX 586-1737
Laurel Smith	202-586-4091, FAX 586-1540
Natasha Wieschenberg	202-586-5830, FAX 586-1540

APPENDIX C

Work Force Restructuring Field Contacts List

Felix Ortiz, Albuquerque Operations Office	505-845-4207, FAX 845-4715
Elaine Kocolowski, Chicago Operations Office	630-252-2334, FAX 252-2919
Russ Bennion, Idaho Operations Office	208-526-7281, FAX 526-5969
Bob Agonia, Nevada Operations Office	702-295-1005, FAX 295-2367
Bill Truex, Oak Ridge Operations Office	423-576-0662, FAX 576-6964
Donna Kelly, Oakland Operations Office	510-637-1822, FAX 637-2008
Carol Wilson, Ohio Operations Office	513-865-3871, FAX 865-4312
Dom Sansotta, Richland Operations Office	509-376-7221, FAX 376-8142
Lenora Lewis, Rocky Flats Office	303-966-4263, FAX 966-3321
Gil Gilyard, Savannah River Operations Office	803-725-1544, FAX 725-7631
Jerry Wienberg, Kansas City Area Office	816-997-3348, FAX 997-5059
Alan Goetz, Pinellas Area Office	813-541-8114, FAX 541-8370
Dorothy Whitt, Pittsburgh Naval Reactors Office	412-476-7206, FAX 476-7310
Gene Gillespie, Portsmouth Site Office	614-897-2001, FAX 897-2982
Jimmie Hodges, Paducah Site Office	502-441-6800, FAX 441-6801
Ken Meeks, Naval Petroleum Reserves	805-763-6065, FAX 763-6318

APPENDIX D

DOE Community Transition Field Contacts

ALBUQUERQUE

Eileen Beaulieu
DOE-Albuquerque Operations Office
P.O. Box 4500
Albuquerque, NM 87185
TEL: 505-845-4984
FAX: 505-845-5754

Audrey Berry
U.S. Department of Energy
2597 B3/4 Road
Grand Junction, CO 81503
TEL: 970-248-6002
FAX: 970-248-6023

HANFORD

Paul Dickman
DOE-Albuquerque Operations Office
P.O. Box 5400
Albuquerque, NM 87185
TEL: 505-845-4313
FAX: 505-845-5439
E-mail: dickmanp@al.doe.gov

Mark Coronado
Business Mangement Division
825 Jadwin-MS A654
Richland, WA 99352
TEL: 509-376-3502
FAX: 509-376-8142

IDAHO

Gary Stegner
U.S. DOE
Fernald Field Office
P.O. Box 538705
Cincinnati, OH 45239
TEL: 513-648-3153
FAX: 513-648-3073

Kenny Osborne
Office of External Affairs, DOE-Idaho
785 DOE Place
Idaho Falls, ID 83401-1562
TEL: 208-526-0805
FAX: 208-526-8789

KANSAS CITY

GRAND JUNCTION

Jack B. Tillman
Manager
U.S. Department of Energy
2597 B3/4 Road
Grand Junction, CO 81503
TEL: 970-248-6002
FAX: 970-248-6023

Jerry Weinberg
U.S. DOE
Kansas City Operations Office
2000 East 95th Street
Kansas City, MO 64131
TEL: 816-997-3348
FAX: 816-997-5059

LAWRENCE LIVERMORE

Donna Kelly (See Oakland)

Office of Worker and Community Transition

LOS ALAMOS

Eugene Stark, Program Manager
Economic Development/Small Business
Initiative
Industrial Partnership Office
Los Alamos National Laboratory
P.O. Box 1663 M899
Los Alamos, NM 87545
TEL: 505-665-4803
FAX: 505-665-3125

Greg Sahd
U.S. Department of Energy
Los Alamos Area Office
528 35th Street
Los Alamos, NM 87544
TEL: 505-665-5025
FAX: 505-665-1718

MOUND

Ken Sprankle
DOE Miamisburg Area Office
P.O. Box 3066
Miamisburg, OH 45343-0066
TEL: 513-865-3649
FAX: 513-865-4489

Sue Smiley
DOE Miamisburg Area Office
P.O. Box 3066
Miamisburg, OH 45343-0066
TEL: 937-865-3984
FAX: 937-865-4489

NEVADA

Darwin Morgan
Public Affairs and Information Office
Nevada Operations Office
P.O. Box 98518
Las Vegas, NV 89193-8518
TEL: 702-295-3521
FAX: 702 295-0154

OAKLAND

Donna Kelley
Director
Human Resources Management Division
DOE-Oakland Operations Office
1301 Clay Street
Oakland, CA 94612-5208
TEL: 510-637-1822
FAX: 510-637-2008

OAK RIDGE

Bob Hamilton
DOE - Oak Ridge Operations
P.O. Box 2001
Oak Ridge, TN 37831-8751
TEL: 423-576-7723
FAX: 423-576-6363
E-mail: hamiltonrl@oro.doe.gov

PANTEX

Betty Hollowell
(See address below)
TEL: 806-477-3171
FAX: 806-477-5185

Jerry S. Johnson
(See address below)
TEL: 806-477-3125
FAX: 806-477-5185

Tom Walton
(See address below)
TEL: 806-477-3120
FAX: 806-477-6641

U.S. Department of Energy
Amarillo Area Office
P.O. Box 30030
Amarillo, TX 79120

PORTSMOUTH

Mike Dabbert
U.S. Department of Energy
Portsmouth Gaseous Diffusion Plant
P.O. Box 700
Piketon, OH 45661
TEL: 614-897-5525
FAX: 614-897-2982

ROCKY FLATS

Mike Bolles, Deputy Director
Communications and Economic
Development
DOE-Rocky Flats
P.O. Box 928
Golden, CO 80402-0928
TEL: 303-966-2473
FAX: 303-966-6633

SAVANNAH RIVER

Jim Gaver
Director, Office of External Affairs
DOE-Savannah River Operations
P.O. Box A
Aiken, SC 29802
TEL: 803-725-2889
FAX: 803-725-4657

APPENDIX E

Community Reuse Organization Contact List

FERNALD

David McWilliams
Chairman
Fernald Community Research
Organization
3371 Hamilton Cleves Road
Hamilton, OH 45013
TEL: 513-738-0164
FAX: 513-863-6250

LOS ALAMOS

Richard Marcum, Chairman
Los Alamos Regional Development
Corporation
325 Pase De Paralta
Santa Fe, NM 87501
TEL: 505-984-2842
FAX: 505-989-8614

HANFORD

Sean Stockard
TRIDEC
901 N. Colorado St.
Kennewick, WA 99336
TEL: 509-735-1000, ext. 225
FAX: 509-735-6609

MOUND

Mike Grauwelman
MMCIC
P.O. Box 232
Miamisburg, OH 45343-0232
TEL: 513-865-3921
FAX: 513-865-4431

IDAHO

Dan Cudaback
President
East Idaho Economic Development
Council
683 N. Capitol Avenue
Idaho Falls, ID 83402
TEL: 208-522-2014
FAX: 208-522-3824

NEVADA

Tim Carlson, President
NTS Development Corporation
2340 Paseo Del Prado, Suite D-108
Las Vegas, NV 89102
TEL: 702-257-7900
FAX: 702-257-7999

OAK RIDGE

Lawrence Young
President
Community Reuse Organization of East
Tennessee
107 Lea Way
Oak Ridge, TN 37830
TEL: 423-482-1336
FAX: 423-482-6126

ROCKY FLATS

DeAnne Butterfield
Executive Director
Rocky Flats Local Impacts Initiative
5460 Ward Rd., Suite 205
Arvada, CO 80002
TEL: 303-940-6090
FAX: 303-940-6088

PANTEX

Bob Juba
Amarillo Economic Development
Corporation
Bank One Center, Suite 1503
600 South Tyler
Amarillo, TX 79101
TEL: 806-371-7199 or (800) 333-7892
FAX: 806-371-0112
E-mail: aedc@arn.net

SAVANNAH RIVER

Lewis Attardo
Executive Director
Savannah River Regional Diversification
Initiative
P.O. Box 696
Aiken, SC 29802
TEL: 803-593-9954, ext. 1409
FAX: 803-593-4296

PORTSMOUTH

Greg Simonton
Project Director
Community Reuse Organization
1864 Shyville Road
Piketon, OH 45661
TEL: 614-289-3654
FAX: 614-289-4591

APPENDIX F

**U.S. Department of Energy
Washington, D.C.**

ORDER 350.1

Approved: 9-30-96

Sunset Review: 9-30-96

Expires: 9-30-00

SUBJECT: CONTRACTOR HUMAN RESOURCE MANAGEMENT PROGRAMS

1. OBJECTIVES.

- a. To establish Department of Energy (DOE) responsibilities, requirements, and cost allowability criteria for the management and oversight of contractor Human Resource Management (HR) programs.
- b. To ensure that DOE contractors manage their HR programs to support the DOE mission, promote work force excellence, champion work force diversity, achieve effective cost management performance, and comply with applicable laws and regulations.
- c. To implement consistent requirements that allow contractors flexibility in determining how to meet the requirements.
- d. To ensure that all elements of cash and non-cash compensation are considered in the design and implementation of an appropriate total compensation philosophy, but are not used as a means to deflect needed cost reductions in either or both.

2. CANCELLATIONS. In addition to the Orders listed in the chapters of this Order, the Orders listed below are canceled. Cancellation of an Order does not, by itself, modify or otherwise affect any contractual obligation to comply with such an Order. Canceled Orders incorporated by reference in a contract shall remain in effect until the contract is modified to delete the reference to the requirements in the canceled Orders.

- a. DOE 3220.1A, MANAGEMENT OF CONTRACTOR PERSONNEL POLICIES AND PROGRAMS, of 5-14-92.
- b. DOE 3220.4A, CONTRACTOR PERSONNEL AND INDUSTRIAL RELATIONS REPORTS, of 1-7-93.
- c. DOE 3220.6A, FEDERAL LABOR STANDARDS, of 5-14-92.

- d. DOE 3309.1A, REDUCTIONS IN CONTRACTOR EMPLOYMENT, of 11-30-92.
- e. DOE 3830.1, POLICIES AND PROCEDURES FOR PENSION PLANS UNDER OPERATING AND ONSITE SERVICE CONTRACTS, of 8-23-82.
- f. DOE 3890.1A, CONTRACTOR INSURANCE AND OTHER HEALTH BENEFIT PROGRAMS, of 6-12-92.
- g. DOE N 3131.1, ACCESS TO SKILLS, KNOWLEDGE AND ABILITIES OF RETIRED SCIENTISTS AND ENGINEERS FOR THE NUCLEAR WEAPONS PROGRAM, of 4-28-95.

3. APPLICABILITY.

- a. DOE Elements. Except for the exclusions in paragraph 3c, this Order applies to all DOE Elements.
- b. Except for the exclusions in paragraph 3c or as specified in the Applicability section of this Order's individual chapters, Attachment 1, the Contractor Requirements Document (CRD) located at the back of each of this Order's individual chapters, sets forth requirements that are applicable to the universe of prime cost reimbursement contracts for the management and operation of DOE-owned or DOE-leased facilities and other contracts and sub-contracts as identified in the specific chapters of this Order. Applicability to other designated long-lived onsite contracts is optional at the discretion of Departmental and Field Elements. Contractor compliance with the CRD will be required to the extent set forth in a contract. Contractors shall be directed to continue to comply with the requirements of orders canceled by this Order until their contracts are modified to delete the reference to the requirements of the canceled orders.
- c. Exclusions.
 - (1) Specific exclusions, if applicable, are identified in the Applicability section of each of this Order's individual chapters.
 - (2) Activities that are regulated through a license by the Nuclear Regulatory Commission (NRC) or a State under an Agreement with the NRC, including activities certified by the NRC under section 1701 of the Atomic Energy Act; [same as section 830.2(a)].

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(3) Activities conducted under the authority of the Director, Naval Nuclear Propulsion Program, as described in Public Law 98-525; [same as section 830.2(b)].

4. **REQUIREMENTS.** Requirements are set forth in Chapters I through IX of this Order.
5. **RESPONSIBILITIES.** Assignments of responsibility are set forth in Chapters I through IX of this Order.
6. **REFERENCES.** Applicable references are listed in Chapters I through IX of this Order.
7. **CONTACT.** See Chapters I through IX for the appropriate contacts.

BY ORDER OF THE SECRETARY OF ENERGY:

ARCHER L. DURHAM
Assistant Secretary for
Human Resources and Administration

**CHAPTER I
LABOR RELATIONS**

1. OBJECTIVES.

- a. To ensure that Department of Energy management and operating contractors pursue collective bargaining practices that promote efficiency and economy in contract operations, judicious expenditure of public funds, equitable resolution of disputes, and effective collective bargaining relationships.
- b. To achieve full consultation with management and operating contractors prior to contract negotiations and during the term of a contract on matters that may have a significant impact on work rules, make-or-buy decisions, or past customs and practices.

2. APPLICABILITY. Contractors. This chapter applies to prime contractors that perform work under prime contracts at DOE-owned installations to the extent set forth in the prime contract. Contractor requirements are set forth in Attachment 1 to this chapter.

3. REQUIREMENTS.

- a. DOE retains absolute authority on all questions of security, security rules, and their administration. However, to the fullest extent feasible, DOE shall consult with representatives of management and labor in formulating security rules and regulations that affect the collective bargaining process.
- b. DOE shall not take a public position concerning the merits of a labor dispute between a contractor and its employees or organizations representing those employees.

4. RESPONSIBILITIES.

- a. Director, Office of Worker and Community Transition.
 - (1) Establishes DOE labor relations policy in consultation with field organizations.
 - (2) Represents DOE Headquarters on all matters involving contractor labor relations issues. This includes:
 - (a) informing DOE senior management of significant labor relations developments,

- (b) acting as DOE liaison to other government agencies and to international unions and their representatives,
 - (c) serving as a clearing house for labor relations information,
 - (d) coordinating union representation at meetings and conferences initiated by DOE Headquarters elements; and
 - (e) approving all DOE policy affecting contractor labor relations.
- (3) Works with DOE program offices that originate or change qualification standards, testing requirements, or other programs that may affect conditions of employment for contractor employees to ensure that they are developed and/or implemented consistent with collective bargaining requirements.
- b. Heads of Contracting Activities.
- (1) Review collective bargaining issues with contractors and reach agreement on economic parameters prior to commencement of negotiations.
 - (2) Consult regularly with contractors during the term of collective bargaining agreements to stay abreast of matters of interest and concern to DOE.
 - (3) Serve as DOE liaison to regional governmental agencies and offices and to regional union officials.
 - (4) Notify the Office of Worker and Community Transition of National Labor Relations Board charges and any significant labor relations issues.
 - (5) Provide timely information and advice to DOE Headquarters and others concerning local contractor labor issues and arbitration decisions.

5. **REFERENCES.**

- a. Federal Acquisition Regulation (FAR), Subpart 22.1, BASIC LABOR POLICIES, which provides guidance to contracting officers on labor relations matters.
- b. Department of Energy Acquisition Regulation (DEAR), Subpart 970.22, APPLICATION OF LABOR POLICIES, which provides DOE guidance to contracting officers on labor relations matters.

Office of Worker and Community Transition

- c. DEAR 970.3102-2(e), which addresses allowability of compensation costs.

- 6. **CONTACT.** Office of Worker and Community Transition, at (202) 586-7550.

CONTRACTOR REQUIREMENTS DOCUMENT

LABOR RELATIONS

The following requirements apply to prime contractors that perform work under cost reimbursement contracts at DOE-owned installations to the extent set forth in the prime contract.

1. 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.
2. Consult with the contracting officer prior to and during the course of negotiations with labor unions, and during the term of resultant contracts, 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.
3. Provide the contracting officer with a settlement summary within 30 to 60 days after formal ratification of the agreement, using the "Report of Settlement" form.
4. Immediately advise the DOE Field Element of the following:
 - a. Possible strike situations or other job actions affecting the continuity of operations; in the event of work stoppage, the contractor is responsible for completing Bureau of Labor Statistics (BLS) Form 817 and forwarding two copies to the DOE Field Element.
 - b. Formal action by the National Labor Relations Board or the National Mediation Board (copies of the Board correspondence shall be provided to the Field Element).
 - c. Recourse to procedures under the Labor-Management Relations Act of 1947, as amended, or any other federal or state law.
 - d. Any grievance scheduled for arbitration under a collective bargaining agreement that has the potential for significant economic or other impact.
 - e. Other significant issues that may involve review by other federal or state agencies.

**CHAPTER II
LABOR STANDARDS**

1. **OBJECTIVES.**

- a. To ensure that applicable labor standards are included in all Department of Energy contracts and subcontracts.
- b. To cooperate with the Department of Labor, as appropriate, to:
 - (1) obtain information,
 - (2) provide complete and timely reports, and
 - (3) exercise oversight responsibility to ensure contractor compliance with applicable laws.

2. **APPLICABILITY.** This Chapter is applicable to all DOE Elements responsible for the management of contracts for prime contractors of the Department's government owned facilities.

3. **REQUIREMENTS.** Proposed acquisition and designated contractor work packages shall be reviewed to determine the applicability of the Davis-Bacon Act and/or the Service Contract Act; work shall be accomplished in accordance with such determinations.

4. **RESPONSIBILITIES.**

- a. Director, Office of Worker and Community Transition.
 - (1) Coordinates Departmental comments on proposed revisions to Department of Labor regulations and provides interpretations of final revisions to Headquarters and field elements.
 - (2) Prepares and submits the Davis-Bacon Semi-Annual Enforcement Report to the Department of Labor by April 30 and October 30.
 - (3) By April 10 of each year, submits to the Administrator, Wage and Hour Division, Department of Labor, a consolidated annual forecast of construction

Office of Worker and Community Transition

programs, which is required by Department of Labor All Agency Memorandum No. 144.

(4) Coordinates responses to Congress and the Department of Labor on labor standards complaints on acquisitions administered by Headquarters.

b. Heads of Contracting Activities.

(1) Establish Labor Standards Committees to advise contracting officers on the applicability of the various labor standards statutes to contracts and proposed work packages.

(2) Review the SF-98 and SF-98a, Notice of Intention to Make a Service Contract and Response Notice, to ensure that the contemplated work is appropriately covered by the Service Contract Act and that forms are prepared properly. Forwards such forms to the Department of Labor.

(3) Advise Director of Worker and Community Transition of complaints and significant labor standards violations generated by contractor employees and others.

(4) Ensure that all contracts contain the appropriate labor standards provisions.

(5) Ensure that bidders and contractors are provided with applicable labor standards information and that, where necessary, conferences and contract orientation meetings are held for solicitations or contracts.

(6) Assist the Department of Labor in preparing for a hearing on and/or investigating any alleged violations or disputes on alleged violations.

(7) For Service Contract Act covered contracts in excess of \$10,000.00, furnish Standard Form 279, Federal Procurement Data System Individual Contract Action Report, or its equivalent, to the Federal Procurement Data System (see 29 CFR 4.8).

(8) Request Davis-Bacon Act project wage determinations from the Department of Labor on the SF-308, Request for Determination and Response to Request for instances in which general area decisions are not available or are not appropriate to the DOE site or job. Accordingly, submit wage data to the Department of Labor.

Office of Worker and Community Transition

(9) Ensure payroll and job-site audits are conducted as may be necessary to determine compliance with the Davis-Bacon Act..

(10) Investigate complaints under the Davis-Bacon Act to determine compliance and proceed as follows:

(a) If no violation is discovered, advise the complainant of the reasons for the conclusion.

(b) If a violation is discovered:

1. determine the amount of back wages, fringe benefits, and overtime pay due each employee, and request the contractor to make restitution;

2. determine the amount of liquidated damages due, if any, and request the contractor to make restitution;

3. withhold sufficient funds to compensate employees and to cover any liquidated damages that may be due when the contractor does not agree with the findings and refuses to make restitution;

4. furnish an enforcement report to the Administrator, Wage and Hour Division, Department of Labor within 60 days after completion of an investigation where the Davis-Bacon Act underpayments by a contractor totals \$1,000.00 or more; there is reason to believe the violations are willful; the contractor does not agree with the findings and refuses to make restitution; or the Department of Labor requested the investigation;

5. ensure that funds withheld to compensate employees for back wages are forwarded to the Comptroller General for disbursement if restitution has not been made.

(11) Prepare and submit the Davis-Bacon Semi-Annual Enforcement Report to the Director, Office of Worker and Community Transition, by April 21 and October 21 of each year.

5. REFERENCES.

- a. Federal Acquisition Regulations (FAR), Subpart 22.4, LABOR STANDARDS FOR CONTRACTS INVOLVING CONSTRUCTION, which explains the applicability of the Davis-Bacon Act.

Office of Worker and Community Transition

- b. Federal Acquisition Regulations (FAR), Subpart 22.10, SERVICE CONTRACT ACT OF 1965, AS AMENDED, which explains the applicability of the Service Contract Act.
 - c. Department of Energy Acquisition Regulation 970.2273, ADMINISTRATIVE CONTROLS AND CRITERIA FOR APPLICATION OF THE DAVIS-BACON ACT IN OPERATIONAL OR MAINTENANCE ACTIVITIES.
6. **CONTACT.** Office of Worker and Community Transition, at (202) 586-7550.

**CONTRACTOR REQUIREMENTS DOCUMENT
LABOR STANDARDS**

The following requirements apply to contractors who perform work subject to the Davis-Bacon Act and the Service Contract Act.

1. Request labor standards 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. (See FAR 22.401 for definition of terms.)
2. Accomplish work tasks in accordance with the labor standards determination.
3. Ensure that subcontractors comply with the Davis-Bacon Act and conduct payroll and job-site audits as requested or authorized by the Head of Contracting Activity.
4. Maintain accurate and complete Davis-Bacon Act payrolls for 3 years from completion of contract when performing as the construction contractor.
5. Post in a prominent job-site location the following Department of Labor Publications.
 - a. WH-1321, Notice to Employees Working on Federal or Federally Financed Construction Projects.
 - b. WH-1313, Notice to Employees Working on Government Contracts.
6. 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 to the contracting officer.
7. Provide information requested by the Head of Contracting Activity for its responses to inquiries received from Congress and Headquarters.
8. Provide information requested by the Head of Contracting Activity for its reporting requirements.

**CHAPTER III
REDUCTIONS IN CONTRACTOR EMPLOYMENT**

1. OBJECTIVES.

- a. To perform work force planning that ensures continued availability of critical knowledge, skills, and abilities required for the Department's mission; and supports a schedule of work force restructuring actions that minimizes the impacts on programmatic activities.
- b. To provide reasonable notice to employees, their representatives, public officials, and other stakeholders of necessary reductions in contractor employment, and to consult with them in planning for work force restructuring.
- c. To the extent practicable, to minimize reductions at DOE defense nuclear facilities and other facilities through retraining efforts. If retraining is not feasible, consider early retirement, attrition, and other options that minimize layoffs.
- d. To provide assistance to communities in reducing the impact of employment reductions.

2. APPLICABILITY. This chapter applies to prime contractors and their integrated subcontractors that perform work at DOE-owned installations to the extent set forth in the prime contract.

3. REQUIREMENTS.

- a. In compliance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 and Secretarial policy, a work force restructuring plan at defense nuclear facilities and other DOE facilities shall be prepared whenever the DOE determines that a change in the work force is necessary. Plans may be developed for multiple years, but the requirement for a plan is triggered when the planned change affects 100 or more employees at a site within a 12-month period, or when the Head of the Field Element determines that a change in the work force will significantly affect the community. In instances where fewer than 100 employees are affected, the objectives of section 3161 shall be applied as feasible.
- b. Work force restructuring plans shall be prepared in accordance with "Interim Planning Guidance for Contractor Work Force Restructuring," published in the

Office of Worker and Community Transition

Federal Register Vol. 61, No. 44, dated March 5, 1996, as amended from time to time (Attachment 2).

- c. For defense nuclear facilities, work force restructuring plans and implementation reports shall be submitted to the Secretary, who will approve/disapprove them for delivery to Congress. For other DOE facilities, delivery of a work force restructuring plan to Congress is at the discretion of the Secretary.
- d. Annual implementation reports shall be submitted by Field Elements to the Office of Worker and Community Transition that include the following information:
 - (1) Data on the retained worker force and its ability to meet mission requirements.
 - (2) Data on workers whose positions were eliminated and who were reassigned to other work at the site and a description of training provided to achieve such placements, including training costs.
 - (3) Data comparing the number of workers separated voluntarily and involuntarily and costs associated with each category of benefits provided to them, including estimates of such costs that were included in the work force restructuring plan.
 - (4) The contractor's statement as to whether adverse EEO impact resulted from involuntary separations. If affirmative, its extent, business necessity, and a description of the efforts taken to prevent it.
 - (5) An evaluation of plan implementation.
 - (6) Detailed guidance on submitting this information will be provided by the Office of Worker Community Transition.
- e. The Department must have ready access to retired scientists and engineers who may be needed on a part-time basis to support the Department's nuclear weapons program. The Department will maintain a list of individually identified retirees, including an affirmation of their agreement to be members of the retiree corps and necessary identification information to ensure ready access. The purposes for such access include archiving technical information, data and recollections not available from the active work force in areas related to weapons disassembly and nuclear weapons testing; assisting stockpile stewardship activities as required; and training replacement scientists and engineers. Access to members of the corps will not be restricted by other policies of DOE or within the control of DOE unless explicitly agreed to by the Secretary of Energy, and members of the retiree corps will maintain their security clearances for as long as they are in the retiree corps

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program. Further, inclusion in the corps will not amend, abrogate, or affect any retirement annuity with regard to any DOE-imposed restrictions on such annuity.

4. RESPONSIBILITIES.

a. The Secretary.

(1) Approves/disapproves work force restructuring plans that are submitted to Congress.

(2) Approves/disapproves notifications of reductions in force of more than 100 employees at a single site.

(3) Submits work force restructuring plans and updates (implementation reports) to Congress.

b. Director, Office of Worker and Community Transition.

(1) Provides direction and guidance in the development and implementation of work force restructuring plans and the implementation of economic development plans when a community is significantly affected by changes in the work force.

(2) Recommends to the Secretary for approval Work Force Restructuring Plans that are submitted to Congress.

(3) Approves/disapproves work force restructuring actions which do not require Secretarial approval, including programs to minimize lay offs. Coordinates review with the affected program office and with General Counsel, Field Management, and Human Resources and Administration.

(4) Coordinates notifications to Congress with Heads of Field Elements and with the Assistant Secretary for Congressional and Intergovernmental Affairs.

(5) Performs other tasks that are assigned to the Office of Worker and Community Transition (WT-1) in Attachment 2.

c. Heads of Field Elements.

(1) Oversee the management of work force changes consistent with direction from the Office of Worker and Community Transition, Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 and Department of Energy

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Interim Planning Guidance for Contractor Work Force Restructuring, Federal Register Vol. 61, No. 44, pp. 8593 - 8602 (March 5, 1996), as may be amended from time to time.

- (2) Prepare site-specific work force restructuring plans (and update them annually by means of implementation reports) in accordance with guidance contained in Department of Energy Interim Planning Guidance for Contractor Work Force Restructuring, Federal Register Vol. 61, No. 44, pp. 8593 - 8602 (March 5, 1996), as may be amended from time to time.
- (3) Obtain approval of separation incentives beyond those expressly authorized by contract from WT-1 early in the planning process and submit a final work force restructuring plan to WT-1 as early as practicable.
- (4) Establish a baseline employment data base for use in preparing work force analyses and work force restructuring plans; provide quarterly reports on the data base to the Office of Worker and Community Transition.
- (5) Provide the following notifications upon WT-1 approval.
 - (a) General Notification to Employees prior to any public announcement and, where possible, 120 days prior to the involuntary separation of any employee.
 - (b) Notification to the Public. Coordinate with the Office of Worker and Community Transition any general announcement describing work force changes at the site and the estimated number of affected positions.
 - (c) Notification to Individual Employees. Ensure that contractors provide 60-day notification if the Work Force Adjustment and Retraining Notification (WARN) Act applies. If it does not apply, contractors shall provide individual employees as much notice of involuntary separation as is practicable, but not less than 2 weeks or 2 weeks pay in lieu of notice.
- (6) For work force reductions requiring only contracting officer or his designee approval, ensure the following are notified prior to the involuntary separation other than for cause of 10 or more employees.
 - (a) Affected national and local unions.
 - (b) State and local governments.
 - (c) Congressional delegation.

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- (7) Develop mechanisms to ensure that hiring preferences are being honored by all prime contractors and designated subcontractors. Requirements shall address employee responsibilities as well as use of the DOE automated Job Opportunity Bulletin Board System (JOBBS).
- (8) Maintain a list of individually identified retired scientists and engineers who will comprise a retiree corps to assure ready access to those whose skills may be needed on a part time basis to support the Department's Nuclear Weapons Program.

5. REFERENCES.

- a. Worker Adjustment and Retraining Notification Act, Public Law 100-379 (August 4, 1988).
- b. Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484).
- c. Department of Energy Interim Planning Guidance for Contractor Work Force Restructuring, Federal Register Vol.61, No.44, pp. 8593 - 8602 (March 5, 1996).

6. CONTACT. Office of Worker and Community Transition, at (202) 586-7550.

CONTRACTOR REQUIREMENTS DOCUMENT

REDUCTIONS IN CONTRACTOR EMPLOYMENT

1. Contractors will regularly analyze work force requirements consistent with mission and will develop appropriate work force transition strategies coinciding with restructuring objectives consistent with DOE Interim Planning Guidance for Contractor Work Force Restructuring, Federal Register, Vol. 61, No. 44, pp. 8593-8602 (March 5, 1996) as may be amended from time to time.
2. Where a change in the nature or structure of a contractor's work force may affect 100 or more employees at a site within a 12-month period, the contractor shall provide such information as directed by the contracting officer or his designee to enable compliance with section 3161 of the National Defense Authorization Act for Fiscal Year 1993; DOE Interim Planning Guidance for Contractor Work Force Restructuring Federal Register vol. 61, no. 44, pp 8593-8602 (March 5, 1996) , as may be amended from time to time; and Chapter III of DOE Order 350.1.
3. Provide notifications to employees, the public, and stakeholders in accordance with a schedule approved by the contracting officer or his designee.
4. Extend preferences, to the extent practicable, in filling vacancies in their work force to employees terminated from a defense nuclear facility. Guidance for this program is contained in section V of Department of Energy Interim Planning Guidance for Contractor Work Force Restructuring, Federal Register Vol. 61, No. 44, pp. 8593 - 8602 (March 5, 1996), as may be amended from time to time.
5. Notify the contracting officer or his designee of any work force reduction that involves the involuntary separation of 10 or more employees at least 10 work days prior to such separations. The notification shall include affected job classifications, numbers of employees affected, and actions taken to assist the employees find other employment or otherwise lessen the impact of the involuntary separation.

APPENDIX G

Policy and Planning Guidance for Community Transition Activities

Office of Worker and Community Transition

Department of Energy

January 1997

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**POLICY AND PLANNING GUIDANCE FOR
COMMUNITY TRANSITION ACTIVITIES**

I. INTRODUCTION

The end of the Cold War has reduced the country's need for national security activities. As a result, the Department of Energy's (the Department) nuclear weapons production capacity is decreasing. The Department is accomplishing this by reconfiguring, downsizing, and closing many of its facilities. Since the Department realizes that these actions may adversely affect the communities nearby containing a substantial number of displaced workers, it will cooperate with the recognized representative of each community and execute economic development initiatives to help offset those impacts.

Initial program guidance for the community transition program was first developed in the spring and summer of 1993, shortly after the formation of the Department's Task Force on Worker and Community Transition. In the intervening period the community transition program has evolved. This guidance reflects the changes necessary for the continued progress of the program. It reflects the work and input of stakeholders as well as the staff of the Department's Office of Worker and Community Transition (the Office). It replaces previous guidance on community transition activities and should be used while comments are being collected. The Office appreciates the assistance and effort of Department field organizations, site contractors, and representatives of the affected communities for their assistance in developing this guidance.

II. PROGRAM SCOPE

A. General

Pursuant to section 3161 of the National Defense Authorization Act for Fiscal Year 1993, the Department's community transition program is designed to minimize the social and economic impacts of work force restructuring at defense nuclear facilities by providing local impact assistance to affected communities, 42 U.S.C. 7274 h(c)(6). Specific assistance programs are designed by the communities and the local Department facilities affected by the downsizing. Over the past 3 years, the Department has employed an extensive process of stakeholder and public involvement to shape policies concerning worker and community transition. This process included national stakeholder meetings on July 12 - 13, 1993, on November 16 - 17, 1993, on February 3 - 4, 1994, on May 25 - 26, 1994, on November 15 - 16, 1994, on

April 20 - 21, 1995, on September 13 - 15, 1995, and on March 13 - 15, 1996, as well as specific input provided by nine community transition focus groups. It also responds to the recommendations made by the General Accounting Office in its December 1995 report to the Secretary of Energy, "Energy Downsizing: Criteria for Community Assistance Needed". Impact assistance is provided by funding Department field organization-approved proposals for activities of Community Reuse Organizations (CRO), Management and Operating contractors, and others.

B. Allowable Uses of Funding

1. Funds for community transition activities may be allocated for approved programs and projects described in community transition plans or in field project requests prepared by Department facilities for activities funded outside the community transition plans.
2. In reviewing proposals or applications, the broadest range of allowable uses of funds will be considered. However, because funding is limited, and because other appropriations may be seen as the proper or primary source to fund certain activities, various activities may only be approved where exceptional circumstances would justify the decision. These include:
 - a. activities that could be funded from work force restructuring funds, such as employee retraining;
 - b. landlord responsibilities normally funded by the program office with landlord responsibilities at the site, including preparing personal property for disposal; decontamination and decommissioning of land and facilities; maintenance (to the extent it is not passed on to the tenant); environmental baseline-facility condition reports; administrative activities such as appraisals, title searches and environmental assessments; and
 - c. off-site construction, infrastructure, or other capital improvement projects.
3. If funding for the type of projects described in Section II.B.2, above, is being considered, the Department field organization should make early contact with the Office to determine whether the project can be funded by appropriations and, if so, what justification will be necessary.

C. Eligibility and Funding Recipients

1. General

Community transition funds will generally flow through a Department field organization to the CRO or CRO-designee. For activities funded outside the community transition plan, funds may be made available by direct contract between the Department and another party, such as the on-site contractor. Financial assistance to CROs will be provided in accordance with the requirements applicable to grants or cooperative agreements that are in 10 CFR Part 600.

2. Definition of "Defense Nuclear Facilities"

Pursuant to section 3161 of the National Defense Authorization Act for Fiscal Year 1993, "defense nuclear facilities" for the purposes of community transition assistance include the following types of facilities under the control or jurisdiction of the Secretary of Energy: atomic energy defense facilities involving production or utilization of special nuclear material; nuclear waste storage or disposal facilities; testing and assembly facilities; and atomic weapons research facilities. Department facilities that have been determined to be defense nuclear facilities for the purposes of section 3161 are listed in Appendix B.

3. CRO Selection Criteria

The communities surrounding each site may be represented by a single CRO. The selection criteria applied by the Department field organizations in order to designate a CRO include, but are not limited to, the following:

- a. the organization should be formed for the purpose of addressing the economic impacts in the affected communities as a result of the changes in the work force at a defense nuclear facility.
- b. the organization should solicit and accept participation by a reasonably representative cross section of public and private sector interests; and
- c. the organization should have a reasonable process for soliciting public input into formulation of a Community Transition Plan and any major amendments to such a Plan.

D. Types of Assistance

1. Start-up Assistance for CROs

- a. The Department field organizations should solicit applications for financial start-up assistance for CROs in a manner which provides for the maximum amount of competition feasible as set forth in 10 CFR Part 600.
- b. This is one-time assistance to support the initial functions of a CRO including: development of a public participation plan; development of scopes of work for impact analyses and a community transition plan; and development of a proposal for planning assistance.
- c. Funding for start-up assistance usually does not exceed \$100,000 and may be spent over two fiscal years. It may be applied for at any time in the Department budget cycle, based on knowledge by the Department field organization that work force reductions are likely to occur within 18 months.
- d. Application for the assistance should include information about how area local governments, economic development organizations, labor, and other key stakeholders will be involved with creating the CRO. Award of start-up assistance does not commit the Department to funding future CRO activities and projects.

2. Planning Assistance for CROs

- a. Planning assistance for the CROs is intended to pay for administrative costs and planning studies associated with the development of a Community Transition Plan.
- b. Planning assistance is expected generally to be in the range of \$250,000 to \$500,000.
- c. A planning assistance application should include the following elements:
 - (1) The purpose and need for community transition;

- (2) A description of the CRO, including its membership, functions, scope, and decision-making procedures;
- (3) How the community transition plan will be developed. Where appropriate, an analysis of socio-economic strengths, weaknesses, opportunities and threats to the community should be included in the scope of work for the planning effort;
- (4) A program plan for utilization of the planning assistance funds, including proposed scope of work and milestones;
- (5) Required Federal grant application forms and financial information, as specified by the Department field organization;
- (6) A summary of the CRO-approved public participation plan which includes discussion of access to meetings and records, community involvement, fairness of opportunity for receipt of program benefits, and avoidance of conflicts of interest;
- (7) A discussion of CRO coordination with the applicable site, the Site Specific Advisory Board, and regional planning and economic development organizations and activities;
- (8) Identification of any non-Department resources that will be utilized in the planning phase of the program;
- (9) Any proposed program or project activities that are requested and proposed to be conducted prior to approval of the community transition plan together with the justification required for program and project assistance (see Sections II.D.4 and VI.C.3); and
- (10) Written designation of the CRO by the responsible Department field organization.

3. Operational Assistance

- a. This is assistance to fund administrative expenses of the CRO beyond start-up and planning assistance.

- b. Funding for this activity may vary based upon the CRO organization and the degree to which the CRO is supported by other funding sources. It is suggested that requests normally be part of the Community Transition Plan and provide the appropriate information requested for program and project assistance in Section II.D.4 as well as a discussion of the steps the CRO is taking to become self-supporting and a timetable for when the CRO will be self-supporting.

4. Community Transition Program and Project Assistance

- a. The purpose of this assistance is to fund the activities deemed most likely to reduce the community's dependence on the Department and to mitigate the negative impacts on communities resulting from the downsizing of defense nuclear facilities. Project assistance typically will provide financial assistance for a comprehensive, multi-year community transition program--generally a 3 to 5-year program. The program may be based upon community needs and may incorporate an analysis of the socio-economic strengths, weaknesses, opportunities, and threats in the community transition plan. Components may include programs conducted directly by the CRO, contract services, and competitively-based financial assistance for economic development activities. Types of programs that may be funded include small business incubators, revolving loan funds, equity position, venture and risk capital funding, marketing of excess Department property, entrepreneurial development, technology transfer assistance, and applicable training seminars. Inclusion of these types of programs in a financial assistance award will generally require special provisions in the financial assistance instrument. For example, if a CRO institutes a revolving loan fund, the loan program should not exceed an appropriate length of time (i.e. 5 years) and all interest and principal payments must be returned to the government. The financial assistance award should contain appropriate guidance on repayments of loans and if desired, allow for reauthorization of principal repayments to be used for payment of other costs under the financial assistance award.
- b. In the past, program and project assistance has generally been in the range of \$400,000 to \$5 million per year at each site.

- c. The specific format for requests for program and project assistance will depend on the applicant. For CRO requested projects or programs, the request should be included in the community transition plan as described in Section VI. For funds to be managed by the site independent of the CRO, the site shall submit a letter request to Headquarters signed by the Field Manager which contains information similar to that requested for prioritized projects submitted by the CRO, together with a letter from the CRO with the CRO's comments.
- d. The Lobbying Disclosure Act of 1995, Pub L 104-65, Dec. 19, 1995, as amended by Pub L 104-99, Jan. 26, 1996, prohibits the government from awarding financial assistance to non-profit organizations described in section 501 (c) (4) of the Internal Revenue Code of 1986 which engage in lobbying activities as defined by the Act. Therefore, such organizations are not eligible to receive awards of financial assistance.

III. ROLES AND RESPONSIBILITIES

- A. The Secretary of Energy** is responsible for the overall program direction and has final approval of all community transition funding decisions.
- B. The Director, Office of Worker and Community Transition** is responsible for the overall management of the community transition program, including the following:
 - 1. Authorizes actions, within approved funding levels, to mitigate impacts of reconfiguration, downsizing, and closing of Department facilities.
 - 2. Establishes principles, policies, and procedures to implement the Department's community transition mission.
 - 3. Develops the Department-wide community transition budget, recommends the Department field organization budget levels for community transition, and establishes the criteria to be used for community transition program funding levels at qualifying sites.
 - 4. Determines allowable uses of Worker and Community Transition program funds within legislatively-mandated parameters.

5. Recommends, to the Secretary, approval or denial of requests for community transition assistance, after consultation with other Department elements as necessary.
6. Ensures coordination of the community transition plan with the work force restructuring plans at the site.
7. Provides liaison among other program and staff offices in Headquarters for community transition issues.
8. Conducts program reviews of field implementation of the community transition program.

C. Department Field Organizations are responsible for the day-to-day administration of the community transition program. This includes responsibility for the following:

1. Working within their communities to designate the local CRO in order to perform the roles and responsibilities as described in Section III.D.
2. Assuring that CRO's are entities formed for the purpose of addressing the economic impacts in the affected communities as a result of the changes in the work force at a defense nuclear facility. CROs may be local governments, corporations or affiliations of communities and interested stakeholders.
3. Soliciting applications for financial assistance and approving the CRO for sites under their jurisdiction; assurance that all interested groups are afforded the opportunity to participate in the CRO.
4. Assuring that the provision in Appendix D concerning the standard of conduct requirements be included in each financial assistance award for economic development activities.
5. Assuring that the Department's community transition policies and guidance are carried out in a spirit of cooperation and openness.
6. Integrating the requirements of the community transition program with the requirements of other programs and activities at their sites and assuring that necessary support activities are identified and budgeted for.

7. Providing planning guidance to the CROs for program plans and reviewing and approving CRO-developed community transition plans.
8. Resolving conflicting proposed uses of the Department's assets under its jurisdiction.
9. Integrating community transition locally so that it incorporates the work and plans of the CRO with other community transition activities, if any, proposed by the site.
10. Consulting with American Indian tribal governments to assure that tribal rights and concerns are considered prior to the Department taking actions, making decisions or implementing programs that may affect tribes.
11. Publishing financial assistance award announcements publicly to allow maximum participation.
12. Assuring that there is no financial assistance or loan awarded to any non-profit organizations described in section 501 (c) (4) of the Internal Revenue Code of 1986 which engages in lobbying activities as defined in the Lobbying Disclosure Act of 1995, as amended.

D. Community Reuse Organizations serve to implement community transition activities. In this capacity the CRO will:

1. Coordinate local community transition planning efforts that address Department-related impacts.
2. Include a broad representation of the affected communities, with opportunity for involvement given to people and groups such as individual residents; representatives of community-based organizations; representatives of business, educational, and financial institutions; site workers and their labor organizations; local government officials; established economic and community development organizations; public interest groups; environmental groups; diversity groups; and federally-recognized American Indian Tribes.
3. Develop and submit community transition plans to the appropriate Department field organization.

4. Receive Department funding and participate in the management of community transition projects.
5. Coordinate CRO activities with Site Specific Advisory Boards (SSAB) at Department facilities, particularly with regard to future site planning.

IV. PROGRAM PLANNING

A. General

Future funding for all activities other than start-up and planning assistance is expected to be requested through a community transition plan (or a letter request for Department field organization activities). Table 1 describes the activities expected to occur at each step. The intent of this process is to provide objectivity in the selection of project and program activities to be supported. The following paragraphs will describe the major activities in some detail.

B. Development of the Community Transition Plan

Department field organizations should provide guidance to the CROs to assist them in developing a community transition plan. Based upon this guidance, the CROs should prepare a community transition plan for funding.

C. Department Field Organization and Office Reviews

Upon completion of the CRO community transition plan and any Department field organization projects, a field review of the community transition plan and an Office review of both the community transition plan and any site-sponsored projects should take place. The intent is for the Department field organization and the Office to jointly identify any needed revisions as soon as possible, thereby minimizing multiple requests for changes. At the end of the review period, there should be a plan ready for recommendation with a very high probability of approval by the Office.

D. Economic Development Administration in the Department of Commerce and the Peer Review Board

Reviews by the Economic Development Administration in the Department of Commerce and the Peer Review Board should use the criteria in Section V to compare and assess projects and programs. The recommendations may be

provided to the Office of Worker and Community Transition for their consideration in the final determinations of program funding.

E. Office of Worker and Community Transition Review and Decisions

The Office will review the submitted plans, the peer review comments, and the independent review from the Economic Development Administration of the Department of Commerce. Based upon these inputs, and the Office staff review, final funding levels for the fiscal year will be recommended. After Secretarial approval and appropriate notifications, funds will be transferred to the appropriate Department field organizations for implementation of the approved program.

Table 1: COMMUNITY TRANSITION FUNDING ACTIVITIES

Step	Activity
(1)	CRO develops Community Transition Plan based upon planning guidance from the Department. If appropriate, local Department field organization develops project descriptions for any Department facility/activities to be requested from the Office.
(2)	CRO submits community transition plan to the Department field organization.
(3a)	Department field organization conducts review of Community Transition Plan and assists CRO in refining proposal.
(3b)	Office concurrently assists development of the Community Transition Plan and any projects from the Department field organization.
(4)	Department field organizations submit community transition plan and field project requests to the Office for review and approval.
(5)	Economic Development Administration and the Peer Review Board evaluate CRO community transition plans and field projects.
(6)	Peer Review Board Report and Economic Development Administration Reports are submitted to the Office.
(7)	The Office conducts internal review.
(8)	The Office makes funding award decision.
(9)	The Office authorizes release of funds into Department field organization financial plan.
(10)	Community transition funds are available to recipients.

V. EVALUATION CRITERIA FOR REVIEW OF PROJECTS AND PROGRAMS

The following factors will be used to evaluate all project and program funding requests in community transition plans:

- A. Projected job creation (communities should seek to create at least one job for each \$10,000 to \$25,000 in Federal funding received, leveraging those funds to attract other private and public funds);
- B. Projected job creation for workers affected by downsizing;
- C. Viability of project to induce investment/growth in production of goods and services for which the community may have or be able to develop a comparative economic advantage;
- D. Ability to reduce the region's dependence on the Department;
- E. Consistency with the identified strengths of the region;
- F. Past performance of the applicant, if any;
- G. Amount of local participation in the project, either financially or in terms of coordinated services;
- H. Demonstrated cooperation with regional or state economic development efforts;
- I. Ability of project to become self-sufficient;
- J. Linkage of project to site cost reductions through transfer of site equipment, facilities or technologies; and
- K. Other unique factors such as innovative features of the proposed project, such as matching funds.

VI. COMMUNITY TRANSITION PLANS

A. Purpose

- 1. The Community Transition Plan describes the overall strategies and, within each strategy, the actions proposed by the communities to

respond to the changing missions at a Department facility. Where appropriate, it also describes the proposed programs, projects and estimated funding requested from the Department. It is the overall framework and the rationale for the local response to the downsizing at the Department facility.

2. The plan serves an integrating function, building upon other existing community and facility planning efforts in the region. It should describe those efforts, the lessons learned from them, and should focus on the additional, supplemental efforts the community believes are necessary and useful to respond to the changes at the Department facility. It should not duplicate other planning efforts, but would afford the community an opportunity to highlight innovations to address the impacts of downsizing.

B. General

1. Initial planning grants from the Department should be used by CROs to prepare and submit to the Office a plan for anticipated community transition activities. This plan should be submitted through and be approved by the appropriate Department field organization.
2. While each community faces unique transition challenges and will develop a plan specific to its situation, there are common topical areas that should be addressed in all plans. The following paragraphs offer guidance on what the Office considers critical components of a community transition plan. These are elements to be addressed in the plan, not necessarily an outline of the developed plans. The continued allocation of the Department's limited financial and other available resources will be contingent upon the completion of the plan and its contents. Both short-term and long-term objectives may be included.

C. Community Transition Plan Components

1. Planning Analysis
 - a. An analysis should be performed to establish the primary and secondary community impacts likely as a result of planned site restructuring. From a baseline established from local information sources, project the likely impacts on such primary factors as net job loss, changes in unemployment, loss of wages and disposable

income, and business closings. Secondary impacts could include such factors as decreases in taxes and other user fees, loss of business and sales volumes, decreases in property values and other factors. Impacts on education, cultural activities, recreation, the environment and other socio-economic factors should also be considered. From an analysis of these impacts, develop a set of issues.

- b. A critical part of the community transition plan is the analysis of strengths, weaknesses, opportunities and threats (SWOT analysis) to the community. This can be performed with planning assistance funds, or existing studies can be used. With the SWOT analysis as a framework, set out an overall vision for the community and identify the programs and projects to be established, including the degree to which the programs and projects address the issues.

2. Stakeholder Involvement

Stakeholders should have the opportunity to participate in the planning process. Identify stakeholders providing input to the plan, describe method of input, and common areas of interest. A communication strategy should also be a component of insuring proper representation and community input into the planning and implementation process. This should also include CRO coordination with the applicable site and other groups, such as: any Site Specific Advisory Boards; regional planning and economic development organizations and activities; labor; the business community; academic communities; and American Indian tribal governments.

3. Prioritized Projects

Develop a list of prioritized projects or programs based on the above considerations with an overall project budget and schedule for completion of each. The following items are suggested topics for discussion for each project:

- a. The primary goal of transition initiatives is the creation of jobs through the retention, expansion, and creation of businesses, and through other measures, to offset the economic impacts of the Department's work force restructuring actions. The plan should

Office of Worker and Community Transition

identify likely benefits to workers displaced by the Department and the area's work force in general;

- b. Amount, type, timing, and continuity of funding available from non-Department sources such as the U.S. Department of Labor's Job Training Partnership Act and the U.S. Department of Commerce's Economic Development Administration. Also include any state and local funding, and any private development sources, such as venture capital, financial institutions, revenue bonds, seed capital, revolving loans and other private funds. The use of these funds should be set out relative to any Department funding provided;
- c. Coordination with other community programs;
- d. Performance measures for each project;
- e. A proposed scope of work, timeline, and reporting schedule (generally, quarterly) of proposed activities, accomplishments, and expenditures;
- f. Required Federal grant application forms and financial information, as specified by the Department field organization;
- g. Any anticipated preferences or non-traditional competition elements of the program, and their relationship to program objectives;
- h. A discussion of CRO coordination with units of Federal, state, local, or tribal governments. Demonstration that proposed projects will augment and not duplicate current community efforts;
- i. Plans, if any, to support CRO operating and program costs following completion of the project grant (e.g., self-sustaining mechanisms, local or non-Department support, revenue/income generation, future Department funding, or transfer of programs to other organizations);
- j. Identification of any time-sensitive opportunities, or other pertinent background information;

- k. If multi-year funding is anticipated, show how this year's increment related to prior-year activities and what will happen if future year funding is reduced or eliminated.

VII. PERFORMANCE MEASURES

A. Purpose

1. Performance measures represent a mechanism that the CROs and the Department can use to monitor performance. They do this by providing a means for: 1) determining how well a project is being executed; 2) indicating when corrective actions are required; and 3) documenting success.
2. Performance measures establish a mechanism for program assessment. It is suggested that the CROs use the results of their performance measures for self assessment purposes. The Department field organization and Headquarters staff should use the same results for purposes of external oversight.
3. Performance measures should be used to allow the Department to provide objective and defensible indications to the Congress and to the American people that the Department's economic development program is effective.
4. Finally, since the intent of performance measures is to evaluate program execution, performance measures need not be developed for start-up or planning assistance.

B. Guidance

1. The CROs are responsible for developing performance measures based on this guidance and on their unique circumstances, goals, and objectives. The final measures should be negotiated with the appropriate Department field organization and, ultimately, approved by the Office.
2. Many CROs may have similar objectives. The Office encourages, but does not require, developing consistent performance measures in such cases and also encourages sharing best-practices and lessons-learned to the maximum extent possible.

3. Performance measures should not focus on minor aspects of performance, rather, they should comprehensively measure critical aspects of performance for any enterprise.
4. Performance measures and objectives should not be so difficult that they cannot be achieved through a reasonable amount of effort, nor shall they be excessively easy to achieve.
5. Performance measures shall be periodically assessed by the CROs and the results reported to the Department field organization and the Office.
6. When a performance measure is no longer providing useful information, it should be eliminated or replaced.
7. Performance measures shall be measurable in a numerical fashion to the maximum extent possible. Where numeric measurement is not possible, performance measures shall be evaluated against a clearly defined set of criteria.
8. In cases where grant requests are small (i.e., less than \$300,000), a less stringent requirement for performance measures may apply.
9. On a quarterly basis, the CROs should submit a progress report to Department Headquarters via the appropriate Department field organization. The quarterly progress reports should contain, among other things, updated information on the CRO's performance measures. The progress report format may be found in Appendix C.

C. Model

Per the above guidance, the individual CROs should be tasked with developing performance measures for their particular enterprise. The Office recognizes that:

1. The various CROs will have different missions, objectives, and priorities; the CROs are best equipped to determine what constitutes a good measure of performance for their particular situation.
2. The CRO missions are dynamic, and, therefore, their objectives may change from time-to-time. As a consequence, what constitutes a good

performance measure today may not be appropriate tomorrow; therefore, the CROs should be allowed the flexibility to alter their performance measures, with the Office's concurrence, to more closely align with changing missions and objectives.

3. The CROs should have latitude in regard to the substance and nature of their performance measures. However, it is suggested that they follow generally recognized principles for developing and measuring performance. By employing a performance measurement system, the Department will be able to assess and describe the effectiveness of the program. This will assist in determining appropriate levels for the program in future years and will help each site and each CRO assess the effectiveness of its program.

D. Areas to Address

The following paragraphs delineate the types of issues that should be considered when developing a performance measurement program.

1. Job creation: the act of creating jobs that did not previously exist in a defined marketplace, especially jobs that will assist displaced workers from the affected site. Communities should seek to create at least one job for each \$10,000 to \$25,000 in Federal funding received, leveraging those funds to attract other private and public funds.
2. Job retention: holding in place the existing work force and providing substitute employment for at-risk or displaced workers within a defined geographic area.
3. Regional development: enhancement of the attributes of a geographic area to promote the commonly-held and understood assets of that region.
4. Business start-ups: new commercial or industrial enterprises, legal entities, partnerships, etc.
5. Expansion of existing businesses: the ability to hire more workers and to increase the demand for goods and services ultimately stimulating the economy (e.g., increase revenues, broaden the tax base).

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6. Economic diversification: any activity within a defined geographical area that makes the area less dependent upon Department business.
7. Training: providing skills and classes necessary to prepare workers to maintain the skills required to continue in one's current position or alternative job.
8. Commercialization: the act of making assets (e.g., technologies, use of facilities or equipment) under Department control available for third party use or for use by the M&O contractor for non-Department business activities.
9. Facility reuse: the reuse of Department facility real estate and fixtures including buildings, land, and facilities that are not needed for the Department's traditional missions.
10. Leveraging: the ability of the CRO to commit non-Department resources as a match for Department funds requested. Leveraging should be indicated as a ratio of non-Department to Department resources, e.g., if a CRO requests a \$100,000 grant and commits \$50,000 in non-Department matching funds, the leveraging factor would be 1:2.
11. Matching funds: defined as non-Department resources committed to CRO programs. Matching funds may include the following:
 - a. *cash* - funds committed to projects to pay for various program activities, including personnel, equipment, materials, supplies, facilities, etc.
 - b. *in-kind* - contributions other than cash committed to program activities. In-kind contributions may include personal time, donated facility space, equipment loans or value of discounted services.
12. Personal property transfer: the transfer of Department-controlled equipment, supplies, and intellectual property to another entity--can involve transfer of title, licensing or leasing of the property.
13. Community relations: broad-based solicitation and encouragement of public awareness and participation in decision-making processes.

14. Administration, Outreach and Finance: business systems and processes incorporated to manage the development and implementation of the community transition program, including community involvement and fiscal responsibilities (e.g., contractual compliance, auditing, the raising and expending of monies, granting credit, and making investments).

VIII. REVIEWS

A. Financial Management Reviews

1. Generally, the Department field organizations should apply the requirements of Departmental financial assistance policies and procedures which are set forth in 10 CFR Part 600. Those sections of the CFR provide guidance in the various aspects of financial assistance management including general administrative requirements, reports and records, making changes in the grant scope, and auditing requirements.
2. Purpose

Careful monitoring of program implementation is necessary due to the level of public involvement in community transition activities. The Office is responsible for establishing appropriate standards to assure proper accounting for the use of community transition assistance funds.
3. Procedures
 - a. Conduct financial management reviews of Department field organization community transition programs on an as needed basis. Specific areas of review are: financial reporting; accounting records; internal control; budget control; allowable cost; source documentation; cash management; and project accounting.
 - b. The Office should track completed grants and close-out reports that address audit findings.

B. Program Reviews

The Office plans to conduct programmatic reviews of Department field organizations to assess accomplishments, determine progress and identify issues needing study. These reviews should be performed on a frequency

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and at locations as determined by the Office Director, and should be coordinated with the management of the Department field organization being reviewed. The Office should not review the CROs, except when accompanying a Department field organization during its review. It is the general goal of the Office to review each Department field organization that is implementing a community transition program at least once every year.

APPENDIX A

OFFICE OF WORKER AND COMMUNITY TRANSITION CONTACTS

Director: Bob DeGrasse 202-586-7550, FAX 586-8403

Deputy Directors:

Terry Freese 202-586-5907, FAX 586-8403

Deborah Swichkow 202-586-0876, FAX 586-8403

Program Communications: Pat Parizzi. 202-586-7550, FAX 586-8403

Work Force Planning and Restructuring:

Terry Freese 202-586-5907, FAX 586-8403

Labor Relations:

Lyle Brown 202-586-0431, FAX 586-1540

Deborah Sullivan 202-586-0452, FAX 586-1540

Community Transition:

Bob Baney 202-586-3751, FAX 586-1540

Mike Mescher 202-586-3924, FAX 586-1540

Debby Swichkow 202-586-0876, FAX 586-8403

Asset Management:

Richard Aiken 202-586-0415, FAX 586-1737

Jack Blanchard 202-586-6703, FAX 586-1737

Sam Ferraro 202-586-5057, FAX 586-1737

Sandy Stiffman 202-586-4107, FAX 586-1737

Robert Wilson 202-586-4718, FAX 586-1737

Public Participation:

Laurel Smith 202-586-4091, FAX 586-1540

Clara Foster 202-586-5881, FAX 586-1737

Sheila Dillard 202-586-1311, FAX 586-1737

Natasha Wieschenberg 202-586-5830, FAX 586-1540

COMMUNITY TRANSITION FIELD CONTACTS

Paul Dickman, Albuquerque Operations Office	505-845-4313, FAX 845-5508
Gary Stegner, Fernald Environmental Management Site	513-648-3153, FAX 648-3073
Ken Osborne, Idaho National Engineering Laboratory . .	208-526-0805, FAX 526-8789
Dave Porco, Miamisburg Area Office	513-865-3649, FAX 865-4489
Darwin Morgan, Nevada Operations Office	702-295-3521, FAX 295-0154
Bob Hamilton, Oak Ridge Operations Office	423-576-7723, FAX 576-6363
Gene Pressoir, Pinellas Area Office	813-541-8062, FAX 541-8370
Mike Dabbert, Portsmouth Gaseous Diffusion Plant . . .	614-897-5525, FAX 897-2982
Mark Coronado, Richland Operations Office	509-376-3502, FAX 376-8142
Mike Bolles, Rocky Flats Office	303-966-2473, FAX 966-6633
Sam Glenn, Savannah River Operations Office	803-725-2425, FAX 725-1910

APPENDIX B

LISTING OF DEFENSE NUCLEAR FACILITIES

The list below reflects facilities receiving funding for Atomic Energy Defense activities of the Department of Energy, with the exception of activities under Naval Reactor Propulsion. It is recognized that these facilities have varying degrees of defense activities, ranging from a total defense dedication to a very small portion of their overall activity. This may cause certain difficulties in implementing the intent of the section 3161 legislation. Regardless, this listing will be used by the Office for possible application of funding received for defense worker assistance and community transition purposes.

Kansas City Plant
Pinellas Plant
Mound Facility
Fernald Environmental Management Project Site
Pantex Plant
Rocky Flats Environmental Technology Site, including the Oxnard Facility
Savannah River Site
Los Alamos National Laboratory
Sandia National Laboratory
Lawrence Livermore National Laboratory
Oak Ridge National Laboratory
Nevada Test Site
Y-12 Plant
K-25 Plant
Hanford Site
Idaho National Engineering Laboratory
Waste Isolation Pilot Project
Portsmouth Gaseous Diffusion Plant
Paducah Gaseous Diffusion Plant

APPENDIX C
QUARTERLY PROGRESS REPORT: (DATE)

Project Title: (a name selected by the site for the specific activity or activities-- e.g.; incubator loan fund; entrepreneurial training. The site and the CRO will determine the best method for project definition, consistent with the way funds were requested and approved.)

DOE Site Contact: (name of DOE Field or Area Office point of contact)

CRO Contact: (name of CRO point of contact [if different from the project manager])

Project Manager: (name, address, and phone number of the primary applicant of the project under review)

Project start date: (date funding recipient is authorized to proceed by the field office)

Expected completion date: (Date funding recipient is expected to complete the project)

Description of project: (a short narrative description of the project.)

Funding History: (a record of the project funding. **Committed** means funds released to a field organization by the Office of Worker and Community Transition [the Office]; **obligated** means monies released to the CRO or other recipient by the field organization; and **costed** means expended by the CRO or other recipient.)

Status of the Office Funds	Cumulative Amount
Committed by the Office	
Obligated by the field organization	
Costed by the recipient	
Unobligated by the field organization	

For the Office funding, identify the cumulative amount committed by the Office; the cumulative amount obligated by the field office; the amount unobligated; and the amount costed by the recipient. For leveraged funds, identify each source and the cumulative amount from that source.

Funding Source	Cash	In-kind

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Accomplishments: *(project outcomes to-date: report on performance measures identified and jointly agreed to by DOE field and the CRO)*

Performance Measures				
Category	Scheduled date	Projected outcome	Actual date	Progress to-date (or to the end of the project)
<i>(e.g. create new businesses)</i>	<i>9/94</i>	<i>Start-up 2 businesses</i>	<i>12/94</i>	<i>3 new businesses</i>
<i>(e.g. create new jobs)</i>	<i>9/94</i>	<i>20 jobs</i>	<i>10/94</i>	<i>30 jobs</i>

Date (Joint signature) DOE Field Office

Date (Joint signature) CRO

APPENDIX D

Section 600.142 of 10 CFR Part 600 contains a requirement for recipients of financial assistance to maintain written standards of conduct governing the performance of employees engaged in the award and administration of contracts. Since organizations involved in economic development activities may engage in activities other than contracting, in which potential conflicts of interest may arise (e.g., providing loans to local businesses), the following provision should be included in all financial assistance awards to such entities:

The requirements of 10 CFR 600.142 should be applied to the activities of employees, agents and consultants of financial assistance recipients whenever these activities involve decisions about the award of DOE funds, regardless of the type of agreement or arrangement to be supported by DOE funds (e.g., lease, loan, contract, etc.).