

Part III- List of Documents, Exhibits and Other Attachments
Section J- List of Attachments

Attachment H –Advance Understanding on Human Resources

(This information from the current ORISE contract is provided for informational purposes. The Advance Understanding on Human Resources is required after award. The DOE approved Advance Understanding will be appended to the contract after award.)

Table of Contents
Appendix A

ADVANCE UNDERSTANDING ON HUMAN RESOURCES

Contents

SECTION I - INTRODUCTION.....4

SECTION II – COMPENSATION5

(A) COMPENSATION INCREASE PLAN (CIP)5

(B) CIP EXCLUSIONS:.....5

SECTION III - ANCILLARY PAY COMPONENTS.....6

(A) PREMIUM PAY6

(B) EXTENDED WORK WEEK7

(C) EMPLOYEE AWARDS PROGRAM.....7

SECTION IV - PAYMENTS ON TERMINATION OF EMPLOYMENT9

(A) REDUCTION IN FORCE (RIF)9

(B) PAYMENTS UPON TERMINATION OTHER THAN RIF.....11

SECTION V – PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE.....11

(A) PAID LEAVE.....11

(B) SECURITY LEAVE.....18

(C) EDUCATIONAL LEAVE.....19

(D) LEAVE OF ABSENCE.....19

SECTION VI – EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT20

(A) TRAINING21

(B) EDUCATION21

(C) DEVELOPMENT21

SECTION VII - EMPLOYEE PROGRAMS21

(A) SERVICE/RETIREMENT/NON-PERFORMANCE AWARDS.....21

(B) PERFORMANCE AWARD PROGRAMS21

(C) COST OF HEALTH SERVICES.....21

(D) OTHER.....22

SECTION VIII - COSTS OF RECRUITING PERSONNEL23

SECTION IX – REDUCTIONS IN CONTRACTOR EMPLOYMENT23

SECTION X – EMPLOYEE BENEFITS25

(A) ADMINISTRATIVE, SETUP, AND CONSULTING FEES25

(B) LEGALLY-REQUIRED25

(C) CONTRACTUALLY-REQUIRED - MEDICAL INSURANCE PROGRAM FOR DISPLACED WORKERS.....26

(D)	HEALTH INSURANCE: DENTAL, MEDICAL, VISION, AND PRESCRIPTION DRUG PLANS.....	26
(E)	BASIC RETIREMENT PLAN.....	31
(F)	SUPPLEMENT RETIREMENT PLAN	34
(G)	GROUP DISABILITY INCOME INSURANCE AND WAIVER OF BASIC RETIREMENT PREMIUM FOR DISABLED EMPLOYEES.....	36
(H)	LIFE INSURANCE-BASIC COVERAGE	36
(I)	EMPLOYEE DEATH BENEFIT	38
(J)	SECTION (125) ACCOUNT PLAN.....	38
(K)	TRAVEL ACCIDENT INSURANCE.....	39
(L)	MEDICAL EVACUATION SERVICES/INSURANCE.....	40

SECTION I - INTRODUCTION

- (a) This Advance Understanding is intended to document the principles and measures for evaluation of the Contractor's Human Resources Management (CHRM) programs and other items of allowable personnel costs and related expenses not specifically addressed elsewhere under this contract.
- (b) The Contractor shall select, manage, and direct its work force and apply its human resource policies in general conformity with its private operations and/or industrial practices insofar as they are consistent with this Contract. Any changes to the personnel policies or practices in place as of the effective date of this contract which would increase costs, is subject to approval in advance by the Contracting Officer. Any programs or policies initiated for corporate application, permanently or for a finite period, that will impact staffing levels or compensation costs (i.e., furloughs or salary cuts) will not be applicable to Contractor employees or employees otherwise funded through this contract, without prior approval of the Contracting Officer.
- (c) The Contractor's programs will comply with the Federal Acquisition Regulation (FAR) cost principles and FAR contract clauses, as supplemented by the Department of Energy Acquisition Regulation (DEAR), for all Human Resources programs. The Contractor shall use effective management review procedures and internal controls to assure compliance with the FAR and DEAR as well as to ensure that the cost limitations set forth herein are not exceeded, and that areas which require prior approval of the DOE Contracting Officer or designated representative are reviewed and approved prior to incurrence of costs.
- (d) This Appendix A may be modified from time to time by agreement of the Parties. Either Party may, at any time, request that this Appendix A be revised, and the Parties hereto agree to negotiate in good faith concerning any requested revision. Revisions to this Appendix A shall be accomplished by executing a modification to the prime contract.
- (e) The Oak Ridge Institute for Science and Education (ORISE) Director may make exceptions to the provisions of Appendix A when such exceptions are in the best interest of contract operations or will facilitate or enhance contract performance and are approved in advance by the Contracting Officer.
- (f) The Contractor, or designated representative, shall promptly furnish all reports and information required or otherwise indicated in this Advance Understanding to the Contracting Officer. The Contractor recognizes that the Contracting Officer or designated representative may make other data requests from time to time and the Contractor agrees to cooperate in meeting requests.

SECTION II – COMPENSATION

(a) Compensation Increase Plan (CIP)

- (1) Each year the Contractor will develop a CIP proposal for review and approval by DOE. Staff members who are eligible for salary adjustments will receive such adjustments through the CIP fund that is a combination of the Merit, Promotion and Adjustments.
- (2) The CIP is to be calculated as a percentage of the Full-Time Regular (FTR) and Part-Time Regular (PTR) payrolls at the end of the prior compensation year (June 30) and shall be the maximum allowed for granting increases for employees.
- (3) For purposes of the above, salaries to be included shall be ORISE contract employees.
- (4) The Contractor is authorized a Promotion/Adjustment fund of up to ■■■ of base reimbursed payroll. Additional funding for promotions/adjustments shall be included in the CIP request as a discrete line item.

(b) CIP Exclusions:

- (1) Salary increases granted to Full-Time Temporary (FTT), Temporary (TEMP), and Vocational Office Education (VOE) employees will not be charged.
- (2) A reclassification from any temporary to a regular employee status will be considered the same as a new appointment, and any salary increase granted to the new appointee will not be charged.
- (3) A salary increase granted to an employee on initial promotion from a nonexempt position to a position classified as exempt will not be charged; however, subsequent salary increases granted while in the same position will be charged.
- (4) A salary increase granted to an employee on initial promotion to any executive position will not be charged; however, subsequent salary increases while in the same position will be charged.
- (5) A salary increase granted to any employee on the basis of the Service Contract Act Wage Determination Rate will not be charged.

- (6) A Geographic Differential granted to an employee who is relocated to another location to reflect the cost of salary difference between the employee's home facility and the assignment facility will not be charged.

SECTION III - ANCILLARY PAY COMPONENTS

(a) Premium Pay

The Contractor is authorized to provide shift differentials, geographic differentials, and other premium pay, such as Call-In Pay, On-Call Pay, hazardous duty pay, and mandatory training/meetings allowance.

(1) Shift Differential

Nonexempt employees on scheduled rotating shift operations will be paid a shift differential in accordance with the following rate schedule for all hours worked during the evening shift and the night shift. Shift employees working overtime will receive overtime pay computed on their basic pay rate plus the shift premium, if any, in effect during their regularly scheduled shift.

Nonexempt employees on scheduled rotating shift work receive the proper shift differential for overtime and holiday work. This is in addition to the overtime or holiday pay. Employees regularly scheduled to work on the day shift are not paid a shift differential even though they may work overtime or call-in-time during hours which are subject to shift differential for other employees. The shift differential is not paid to any employee while he/she is on leave of any type.

Nonexempt employees assigned to work on regularly scheduled evening and night shifts will be paid the shift differential on the same basis as employees on rotating shift operations. The following rate schedule will apply:

- \$ [REDACTED] per hour for the evening shift
- \$ [REDACTED] per hour for the night shift

(2) Geographic Differentials

An adjustment to the salary of an employee who is relocated to another location may be made by the Contractor to reflect the cost-of-salary compensation difference between the employee's home facility and the assignment location. Geographic assessor software will be used to determine such cost-of-salary differentials. Such salary differentials are effective from the date of transfer until return to the home facility and are excluded from chargeability to the current year CIP.

(3) **Emergency Call-in Allowance**

Any nonexempt employee of the Contractor called in to work outside of but not continuous with his/her regularly scheduled work time, will be paid a minimum of [REDACTED] hours' pay at the employee's basic pay rate, or pay for the number of hours worked at [REDACTED]), whichever is greater.

(4) **Emergency On-call Allowance**

Any nonexempt employee who is officially assigned to serve on an emergency on-call basis shall be paid a salary supplement by the Contractor not to exceed [REDACTED] hours pay per workweek.

The hours for which pay is received, but for which no work is performed, do not count as time worked for purposes of computing overtime.

(5) **Mandatory Training/Meetings Allowance**

Any nonexempt employee scheduled by the Contractor to attend mandatory training or meetings outside of, but not continuous with, his/her regularly scheduled work time will be paid a minimum of [REDACTED] pay at the employee's basic pay rate, or pay for the number of hours attending such sessions [REDACTED] whichever is greater.

Any nonexempt employee scheduled by the Contractor to attend mandatory training or meetings continuous with or overlapping the regularly scheduled work time will be paid only for hours in attendance.

(6) **Hazardous Duty Pay**

After receiving approval of the Contracting Officer for deployment to a hazardous duty assignment, the Contractor will follow the Department of State Standardized Regulations (DSSR).

(b) ***Extended work week***

When deemed essential to the performance of work under this contract, an extended work week may be implemented by the Contractor.

(c) ***Employee Awards Program***

(1) **Summary**

The purpose of the Contractor's employee awards program is to reward employees with meaningful and timely awards in recognition of extraordinary efforts and innovations, significant contributions, or exemplary and outstanding customer service. The Contractor seeks to incentivize performance, via cash lump-sum (non-base) compensation, and to maximize productivity and

effectiveness to meet the Contractor's strategic goals by placing a portion of employees' pay at risk.

(2) **Objectives**

The objectives of the employee awards program are to:

- Be fair, simple, and easy to understand.
- Be available to all regular full-time and regular part-time employees.
- Be an event-based program to recognize extraordinary performance in a timely manner.
- Make a way to give meaningful awards to top performers (individuals and teams) for significant contributions to the success of the Contractor.
- Create a program in which each executive is allotted a fund to award meaningful cash amounts (not related to basic pay rate) to employees for extraordinary performance, similar to the existing on-the-spot award process.
- Be related to the overall performance of the Contractor.

(3) **Eligibility**

All full-time regular (FTR) and part-time regular (PTR), exempt and non-exempt, employees assigned a predominant portion of their time to this contract are immediately eligible to participate in this program. Those who are not eligible for awards include all full-time temporary (FTT) employees, temporary (TEMP) and VOE employees, those on leave without pay status, and executives.

All employees receiving a payment under this program must be on the payroll on the effective date of the award payout.

(4) **Award Level**

The Contractor's employee award program provides non-base pay cash awards from [REDACTED]

Under no circumstances will one employee receive in a given year total awards under this program which exceed the greater of [REDACTED]

(5) **Funding**

For a period of five (5) years, a portion of the merit CIP for exempt and nonexempt employees will be held back from merit increase CIPs otherwise proposed by the Contractor and approved by DOE to place a portion of pay at risk and used to build the combined (exempt plus nonexempt) fund

authorization for the employee awards program. After the fifth year, no “holdback” amounts will be deducted from the merit CIPs as proposed by the Contractor and approved by DOE.

The combined schedule for funding for the first five and follow-on years will be:

- Year 1: [REDACTED]
- Year 2: [REDACTED]
- Year 3: [REDACTED]
- Year 4: [REDACTED]
- Year 5 and later: [REDACTED]

[REDACTED]

Award amounts and number of recipients each year will be dependent upon the available funds for that year.

(6) **Reporting**

The Contractor will provide an annual summary report of award program distributions to DOE annually by September 30.

SECTION IV - PAYMENTS ON TERMINATION OF EMPLOYMENT

(a) ***Reduction in Force (RIF)***

When employees are terminated due to a RIF, the following costs are allowable:

(1) **Pay in lieu of notice**

Any employee who is laid off or terminated due to a RIF may be given pay in lieu of the required minimum written notice of termination. Accumulated paid time off (PTO) credit is also paid.

(2) **Severance pay benefit**

(i) **Employees Employed by ORAU Prior to July 1, 2000 (Transitioned, ORISE Contract Employees as defined in Contract DE-AC05-00OR22750)**

When an FTR or PTR ORISE contract employee, employed prior to July 1, 2000, is terminated by the Contractor because of a RIF, the transitioned employee will be paid severance pay based upon years of continuous service as follows:

<u>Years of Service</u>	<u>Severance Pay</u>
Less than 1	[REDACTED]
1-10	[REDACTED]
11 and above	[REDACTED]

For purposes of application of this policy, years of service will be defined as follows:

- (A) For all service as an FTR employee, 100% service credit.
- (B) For all service thereof as a PTR employee, 50% service credit (regardless of percent-of-full-time as a PTR employee).

After one year of service, severance pay is prorated for partial years of service based upon the number of weeks worked.

(ii) **Employees Who Began Employment with ORAU on or after July 1, 2000**

When an FTR or PTR ORISE contract employee, who began employment with ORAU on or after July 1, 2000, is terminated by the Contractor because of a reduction-in-force, the employee will be paid separation pay based upon years of continuous service as follows:

<u>Years of Service</u>	<u>Separation Pay</u>
Less than 1	[REDACTED]
More than 1	[REDACTED]

For purposes of application of this policy, years of service will be defined as follows:

- (A) For all service as an FTR employee, 100% service credit.
- (B) For all service as a PTR employee, 50% service credit (regardless of percent-of-full-time as a PTR employee).

After one year of service, severance pay is prorated for partial years of service based upon the number of weeks worked.

(b) Payments upon termination other than RIF

(1) Salary Continuation Leave

The payment of salary continuation leave upon termination is unallowable.

(2) Paid Time Off (PTO) Leave

The Contractor is authorized to pay for accumulated PTO leave upon termination at the rate in effect as of the date of termination, including any shift differential.

SECTION V – PROGRAMS INVOLVING EMPLOYEE ABSENCE FROM THE WORKPLACE

(a) Paid Leave

The Contractor will provide a reasonable and cost effective paid leave program. Paid leave includes PTO, salary continuation, holiday, bereavement, business interruption, jury leave, military leave, and worker’s compensation.

(1) Paid Time Off (PTO) Leave

PTO leave is authorized absence from work with pay, which may be used for vacations, medical, or other personal reasons.

Amount of PTO Leave Earned/Use of PTO:

(i) FTR Employees

PTO accrues to FTR employees, excluding employees in the executive positions indicated in Section (iv) below, based on length of continuous service as follows:

<u>Years of Service</u>	<u>Annual Accrual Rate</u>
0 through 4	
5 through 10	
11 through 15	
16 through 20	
21 or more	

(ii) FTT Employees

FTT employees earn PTO per the schedule in (i) above.

(iii) Part-time Employees (PTR, TEMP, and VOE)

Part-time employees earn PTO at a rate based on the service schedule (i) above, prorated to their percentage of full-time.

(iv) **Executive Employees**

Executive positions are as follows:

-	[REDACTED]
---	------------

PTO accrues to executive position employees based on length of continuous service as follows:

<u>Years of Service</u>	<u>Annual Accrual Rate</u>
0 through 10	[REDACTED]
11 or more	[REDACTED]

(v) **General Conditions of PTO**

- (A) The amount of PTO earned by an employee is determined by his/her length of service computed from the date of employment or adjusted service date, whichever is later.
- (B) Salary payments covering PTO are made at the employee's basic pay rate in effect at the time leave is taken or at termination, except that scheduled salary increases approved prior to the leave period may become effective during the leave period.

(vi) **Carry Over of PTO**

After December 31 of each year, employees may carry over unused PTO in an amount based on length of service as follows:

<u>Years of Service</u>	<u>Maximum Hours Carry Over</u>
0 through 4	[REDACTED]
5 through 10	[REDACTED]
11 through 15	[REDACTED]
16 or more	[REDACTED]

After December 31 of each year, Executive Position employees may carry over [REDACTED]

(vii) **Payment in Lieu of PTO**

- (A) Payment in lieu of unused earned PTO may be made to employees who voluntarily transfer to a different job classification at a lower rate of pay or change to part time, terminate, retire, or go on unpaid leave of absence.
- (B) Payment in lieu of unused earned PTO of up to [REDACTED] hours per calendar year may be provided to FTR employees. PTR employees will be eligible for a prorated payment based on percentage of full-time normally worked.
- (C) Nonexempt Service Contract Act (SCA) employees will be paid for unused PTO in accordance with the SCA vacation requirement before the next anniversary date, before completion of the current contract, or before the employee terminates employment, whichever occurs first.

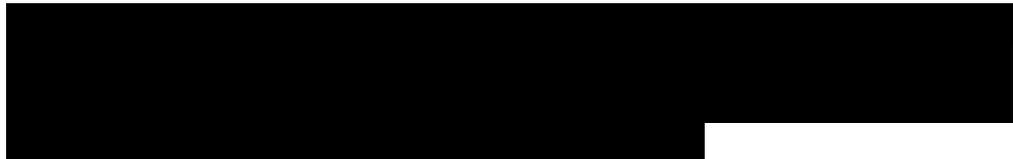
(2) **Salary Continuation**

FTR employees will be eligible for salary continuation paid leave for up to [REDACTED] per calendar year. PTR employees will be eligible for a prorated amount of leave based on percentage of full-time normally worked. Salary continuation will be available after [REDACTED] waiting period, prorated part-time. Salary continuation is provided for a continuous absence and is not available for short-term intermittent absences. A return to work will require a [REDACTED] waiting period before salary continuation will again be available for use. Salary continuation is provided for an employee's personal health condition, not for family absences.

(3) **Holidays**

The following are recognized holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day



FTR and FTT employees not working on these days will receive their basic rate of pay. PTR employees will receive pay for holidays on a prorated basis, based upon their percentage of full-time. TEMP and VOE employees will receive pay for holidays on a prorated basis, based upon their percentage of full-time, if they have worked any hours during the workweek in which the holiday falls.

Nonexempt employees who work at the request of the Contractor on any of the recognized holidays listed above may receive [REDACTED] times their basic rate of pay for all hours worked and their basic pay rate for the remaining scheduled hours of the working day.

Scheduled hours not worked on a holiday will be counted for purposes of computing overtime. The overtime rate paid for actual hours worked on a holiday will not remove such hours from consideration in computing overtime under the 40-hour basis.

Nonexempt SCA employees will be paid for unused floating holidays as of the end of the calendar year and will be paid for all holiday pay for which they are eligible upon termination, in accordance with the SCA.

The Contractor may have employees assigned for work at facilities other than those operated by the Contractor in Oak Ridge. Employees assigned to such locations will usually follow the Contractor holiday schedule. However, special holiday schedules for such employees may be established but will not exceed [REDACTED] days during any calendar year. In the event the facility observes less than a total of [REDACTED] holidays, the employee may be granted additional days each calendar year to bring the total to [REDACTED] holidays.

(4) **Bereavement Leave**

Absence with pay of [REDACTED] per occurrence in any calendar year may be granted to FTR and FTT employees for death of a family member. PTR and TEMP employees will be eligible for a prorated amount of leave based on percentage of full-time normally worked.

(5) **Jury Duty**

Time off with pay will be granted to any employee called and reporting for jury duty. The full basic pay rate for regularly scheduled work hours will be allowed for full-time employees. Part-time employees will receive pay on a pro-rated basis according to the percentage of full-time normally worked. Employees must reimburse the Contractor for all money received for juror services. Payments to jurors which are in the nature of "expenses" (e.g. parking) do not have to be reimbursed. Employees summoned by a court for the purpose of

qualifying for jury service are entitled to time off with pay for the required period of absence, whether or not selected.

(6) **Business Interruption Leave**

Absence with pay of up to [REDACTED] per calendar year may be granted for FTR and FTT employees for business related continuity of business interruptions (e.g., facility in whole or in part, being inaccessible or not conducive for conducting business due to physical damage or power outage) as determined by the ORISE Director. PTR and TEMP employees will be eligible for a prorated amount of leave based on percentage of full-time normally worked. Adjustments can be made on a case-by-case basis with Contracting Officer approval.

(7) **Military Leave**

Employees who leave the employment of the Contractor to enter military service and employees who report for military training or emergency duty under the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and any subsequent amendments to this Act are eligible for leave. It also covers employees who must be off from work to register or to take a physical examination.

(i) **Employees Entering Uniformed Services**

(A) **PTO**

- Available PTO will be granted to employees who are entering or returning from military service in accordance with PTO policies then in effect.
- In no case shall an employee be entitled to more PTO than he/she would have received had he/she been actively at work during the period of the military leave of absence.

(B) **Salary Payment**

An FTR employee who, at the time he/she enters full-time military service, has one or more years of continuous service will receive one month's (or 4-1/3 weeks) pay at his/her basic pay rate (hourly rate x 2080/12). PTR employees will receive pay at one-half (1/2) the rate of the FTR employee. Payment may be made by the Contractor only if the individual remains in active military status for a minimum of 90 calendar days. An employee who has received such and who reenters full-time military service in peacetime within a year after returning to work will be ineligible for a second payment under this section. This payment

is in addition to any PTO payment made in accordance with paragraph (A) above.

(C) **Contractor Service Credit**

The entire period of authorized leave of absence for uniformed service will be credited as Contractor service to the same extent as it would have been earned had he/she remained in the Contractor's employment during military service.

If an employee does not apply for reinstatement within the applicable time limit, his/her Contractor service credit will be terminated as of his/her last day worked before leaving for uniformed service.

(D) **Benefit Plans**

Participation and status in various employee benefit plans during a uniformed service leave of absence are governed by the regulations of each plan.

(E) **Reemployment**

The reemployment rights of eligible employees who enter uniformed service shall be governed by applicable law.

(ii) **Employees Called for Training or Emergency Duty**

The Contractor may grant a leave of absence to an employee who is a member of the uniformed service and who is called out for periods of training or emergency duty in these services under the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and any subsequent amendments to this Act.

Any FTR or PTR employee who is called out for such training or emergency duty will be paid his/her basic pay rate during the leave of absence period up to the following maxima:

(A) Up to 10 working days in any one calendar year for training of a FTR employee and up to five working days for training of a PTR employee.

(B) Up to one month or four and one-third (4-1/3) weeks in any one calendar year for emergency duty of a FTR employee and half that amount for a PTR employee.

(iii) **Time Off to Report for Physical Examination**

An FTR or PTR employee ordered to report for a physical examination to determine fitness for required uniformed service will be granted necessary time off, not to exceed five days, at his/her basic pay rate. The maximum allowable time for any employee will be five days, regardless of the number of times he/she may be required to report for a physical examination for any one induction. Reservists who are ordered to report for a physical examination will be paid the difference between the basic uniformed service pay according to rank and his/her basic pay rate with the Contractor.

Hours paid for under the provisions of the Contractor's Uniformed Service Leave policy do not count as hours worked in the calculation of premium pay for work in excess of 40 hours per week.

(8) **Worker's Compensation Leave**

- (i) All employees will be entitled to occupational disability leave effective the eighth day of absence after an occupational injury or illness, and eligibility for Workers' Compensation begins. Workers' Compensation leave is without pay.
- (ii) During the first seven days of lost work time, the employee will use PTO leave. If the employee has no PTO leave, or chooses not to use available floating holidays, leave without pay will have to be used.

Employees on Workers' Compensation Leave will be compensated via Workers' Compensation payments, which the employee will retain. The employee's benefits will continue as if the employee were working. Benefit-related premiums, normally paid by the employee through payroll deduction, will be paid by the employer as follows:

- Basic Retirement – continued based on the basic salary rate in effect at time of occupational injury/illness: employee's portion paid by the employer.
- Supplemental Retirement – employee's and employer's contributions discontinued.
- Health Insurance – continued at either family or individual coverage (whichever was in effect at time of occupational injury/illness); employee's portion of premium paid by employer.
- Basic Life Insurance – continued at employer's expense; the value over \$50,000 is taxable to employee and must be reported on the W-2 at year end.

- Supplemental Life Insurance – continued at employer’s expense; the value of portion of basic life plus supplemental life which exceeds \$50,000 is taxable and must be reported on the W-2 at year end.
- Dependent Life Insurance – continued at employer’s expense; the value over \$2000 is taxable to the employee.
- Long Term Disability – continued at employer’s expense.
- Section 125, premium reduction plan is discontinued while the employee is receiving Workers’ Compensation payments.
- Employees who are on occupational disability leave will continue to accrue PTO at their current rate.

(b) Security Leave

- (1) If the access authorization of an employee is suspended by the direction of DOE, the Contractor shall transfer the employee to perform work not requiring access if such work is available. If a determination is made by the Contractor that no work is available in an uncleared area to which the employee may be transferred, the Contractor shall prepare a written report for the review and concurrence of DOE, setting forth the reasons for the determination. Subject to DOE’s concurrence with such determination, the Contractor may place the employee on leave with pay at the employee’s current base compensation until the employee is notified in writing of the Hearing Officer’s recommendation. If the Hearing Officer recommends revocation of access authorization the employee shall be placed on leave without pay. If the Hearing Officer recommends continuation of access authorization payment of the base pay shall be continued until final disposition of the case under Department procedures, 10 CFR Part 71.
- (2) In the event the employee whose access authorization has been suspended is transferred to another position where such access authorization is not required, compensation shall, thereafter, be the base wage or salary received by the employee on the position from which transferred, and such compensation shall continue until the employee is notified in writing of the Hearing Officer’s determination. If the Hearing Officer recommends revocation of access authorization, compensation will be adjusted to the rate applicable to the job being performed.
- (3) If the Hearing Officer recommends continuation of access authorization, the base wage previously received shall be continued until final disposition of the case under Departmental procedures, 10 CFR Part 710.

(c) Educational Leave

The Contractor may allow FTR employees leave of absence without pay up to [REDACTED] [REDACTED] to take courses or approved short courses and seminars related to the work of the Contractor or required for the attainment of a certificate, diploma or degree in a field of interest to the Contractor. Such leave will not constitute a break in continuous service and will not affect eligibility for employee benefits as a regular employee.

The Contractor may allow FTR employees, with at least twelve months continuous service, leave of absence without pay in excess of [REDACTED] to take courses related to the attainment of a certificate, diploma or degree in a field of interest to the Contractor. The leave of absence will not affect contract performance and will be limited to the time required to take the courses but for a period not to exceed one year, unless specifically approved by the ORISE Director or designated representative. Such leave will constitute a break in continuous service. The individual may continue employee benefits at his/her own expense during such leave. An employee engaged in study under this provision may be eligible for educational assistance, provided immediately after the completion of the leave of absence he/she resumes work for the Contractor and is actively at work for a period of time equivalent to the leave of absence. If the returned employee is involuntarily reduced in force after returning and has worked for the Contractor at least one-half (1/2) of the time owed to the Contractor, the full educational assistance benefit will be awarded.

The Contractor may allow PTR employees who have at least twelve months continuous service, leave of absence without pay in excess of [REDACTED] on the same basis as FTR employees, except that the certificate, diploma, or degree must be in a field related to their current positions.

(d) Leave of Absence

(1) Leave Without Pay (LWOP)

Leave without pay, except for Family Medical Leave Act (FMLA) designated leave, is provided at the discretion of the Contractor based on job-related factors such as type of appointment, length of service, reason for leave, anticipated absence, availability of replacement, operational requirements, and the effect on the organizational unit.

(i) Leave Without Pay – Up to 31 Days

Leave without pay up to 31 days will not be considered a break in continuous service. Benefits will continue (with premium sharing, if any, as provided under benefit policies) during such leave when all requirements of eligibility are met.

A leave without pay may be granted during the first seven (7) days of lost work time after an occupational injury or illness when the employee does not have any non-occupational disability leave, or chooses not to use available floating holiday or PTO.

(ii) Leave Without Pay – Greater than 31 Days

Leave without pay for greater than 31 days, except for FMLA designated leave or uniformed service leave, will be considered a break in continuous service. An adjusted service date (ASD) is computed, except when the leave is FMLA-designated or uniformed service leave. The date that employee benefit eligibility is computed from is advanced from the initial employment date or previous ASD by the period of time equal to the time of the break in service. The resulting date is the employee's new ASD.

When non-FMLA-designated leave is used, benefits may still be continued, usually at the employee's expense.

(2) Other Leaves of Absence

Leaves of absence other than provided for in (i) or (ii) above may be granted to employees in key positions by the ORISE Director or designated representative with the written approval of DOE. The appropriateness of such leave with pay and/or continuing employee benefits during such leave and/or whether or not such leave shall be considered a break in service continuity will be determined in each individual case.

SECTION VI – EMPLOYEE TRAINING, EDUCATION AND DEVELOPMENT

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

(a) Training

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

(b) Education

The Contractor will approve and support educational courses taken by employees that serve to improve efficiency and productivity of Contractor operations, increase needed skills, or prepare employees for increased responsibilities.

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

(c) Development

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

SECTION VII - EMPLOYEE PROGRAMS

(a) Service/Retirement/Non-Performance awards

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

(b) Performance award programs

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

Annually the Contractor shall provide the Contracting Officer with reports on the individual award program expenditures.

(c) Cost of Health Services

The Contractor shall be reimbursed for the costs of operating a Health Unit for Contractor employees, including but not limited to the following: Pre-employment physicals and other medical examinations required to meet Contractor employment requirements, medical care for occupational injuries and to provide relief for minor

physical complaints of employees while at the Contractor site, and health examinations provided as a health service for employees.

(d) Other

- (1) The Contractor may develop, administer and support a variety of employee programs. These programs may include athletic, cultural, and family activities. Participant fees may be collected to partially offset the cost of some or all of these activities. Appropriate facilities, utilities, and maintenance may be provided by the Contractor. Entertainment costs, including costs of amusement, diversions, and social activities are unallowable, as well as directly related costs such as tickets, meals, lodging, rentals, transportation and gratuities.
- (2) Wellness program. Costs of a Wellness Program to promote employee health and fitness are allowable. This program shall be limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss.
- (3) Employee Assistance Program. The Contractor shall (1) maintain a program of preventive services, education, short-term counseling, coordination with and referrals to outside agencies, and follow-up upon return to work that conforms to the requirements of 10 CFR 707.6, Employee Assistance, Education, and Training; (2) Submit for approval by the Contracting Officer any changes to the employee assistance program implementation plan; (3) Prepare and submit information to DOE concerning Employee Assistance Program services as requested by the Contracting Officer. Such reports shall not include individual identifiers.
- (4) Employee Communications. The costs incurred in the publication, printing and distribution of a newsletter, handbooks and other employee communication media designed to effectuate better employee relations and understanding of Appendix A and current employment regulations shall be reimbursed and performed in a cost effective manner.
- (5) Protective Clothing, Equipment, and Safety Shoes. Employees who are required to wear special clothing and protective equipment for various reasons such as safety, housekeeping, protection from harmful chemicals, radioactive contamination, etc., are furnished such clothing and equipment at no cost to the employee. Cleaning and upkeep of such clothing and equipment may be provided at no cost to the employee. Clothing and equipment provided includes, but is not limited to, coveralls, uniforms, laboratory coats, gloves, prescription and nonprescription safety glasses, radiation protection devices, and other protective equipment. Additionally, the Contractor shall purchase for the employee or reimburse the employee, who is required to wear protective

footwear on the job, all costs of acquiring foot protection up to \$150 per year. This amount can be exceeded with management approval in certain circumstances for replacement due to excessive wear, extra-large sizes, or when additional safety features such as non-skid soles, chemical resistance, electrical insulation or other factors are required.

SECTION VIII - COSTS OF RECRUITING PERSONNEL

- (a) On an annual basis, the Contractor will conduct workforce planning, documented in the form of a plan, and submit it to the Contracting Officer for review and approval. The Plan will identify critical skills necessary to meet mission and contract requirements, provide an updated gap analysis, and outline that year's strategy for the recruitment and retention of those skills, as well as for any necessary restructuring.
- (b) The Contractor may incur costs for the recruitment of personnel, as follows:
 - (1) Recruiting Expenses – These costs are allowable in accordance with FAR Subpart 31.205-34.
 - (2) Pre-employment, periodic, and termination medical examinations including drug screenings may be provided for employees. The ORISE director, or the designated representative, determines when, and for whom, periodic medical examinations shall be provided during the course of employment.
 - (3) Costs associated with pre-employment screening shall be allowable.
- (c) **Recruitment/Retention Tools**
The Contractor is authorized to offer the National Security Emergency Management Program (NSEMP) Recruitment/Retention Incentive Plan, as approved on May 1, 2011.

SECTION IX – REDUCTIONS IN CONTRACTOR EMPLOYMENT

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

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

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

- (1) Notifications will include a business case outlining the drivers necessitating restructuring activity, an implementation strategy and communication plan.
 - (2) Actions requiring approval will additionally require a workforce restructuring plan prepared in accordance with DOE policy.
 - (3) Notifications and Approval actions shall be submitted a minimum of 10 business days prior to announcement to employees.
 - (4) Waivers or self-select forms that vary from those provided in DOE policy documents are subject to approval by DOE.
- (b) Any employee who volunteers for layoff or retirement during a time period in which the Contractor has a DOE approved active reduction in force plan will be eligible for severance pay provided the termination is accepted by Contractor management and results in the retention of an employee who otherwise would have been laid off.
- (1) If DOE approval is not required, severance may be paid to an employee who volunteers for layoff or retirement if contractor management has approved the restructuring action and the termination results in the retention of an employee who otherwise would be laid off.
 - (2) Severance is payable to an employee who volunteers for layoff or retirement if the termination is associated with a restructuring action approved and initiated by Contractor management or DOE. Severance not associated with workforce restructuring is unallowable.
- (c) Severance pay benefit. As approved by the Contracting Officer.
- (d) Pay in lieu of notice. Any employee who is involuntarily separated due to a workforce restructuring action may be given pay in lieu of the required minimum written notice of termination. Accumulated vacation credit is also paid.

- (e) The Contractor, to the extent practicable, shall provide outplacement services in the forms of skills assessment and resume preparation to those employees who are involuntarily separated due to a layoff.

SECTION X – EMPLOYEE BENEFITS

(a) *Administrative, Setup, and Consulting Fees*

Reasonable administrative, setup and consulting fees incurred by the Contractor shall be reimbursable under this contract.

(b) *Legally-Required*

(1) Unemployment Compensation

The Contractor is subject to the Unemployment Compensation laws and requirements of all states and must make employer contributions required by such laws.

(2) Social Security

The Contractor is subject to federal Social Security taxes on employee earnings.

(3) Medicare

The Contractor is subject to Medicare taxes on employee earnings.

(4) Workers' Compensation

The Contractor is subject to the Workers' Compensation laws and requirements of all states and must provide coverage as prescribed by such laws.

(5) Employee Retirement Income Security Act (ERISA)-Credit for Prior Service

If a terminated employee is reemployed, credit for prior service will not be granted except in the following circumstances:

- (i) For the purpose of determining vesting in the basic retirement plan, all of an employee's years of service with ORAU after the age of eighteen shall be taken into account.
- (ii) For the purpose of determining eligibility under the FMLA, if the break in service is less than seven years, all of the employee's years of service with ORAU shall be taken into account.

(c) Contractually-Required - Medical Insurance Program for Displaced Workers

(1) Eligibility

Employees who were employed by ORAU prior to July 1, 2000 who terminate due to an involuntary reduction in force and who are participating in health coverage under the Contractor's plan at the time of separation from employment and are not eligible for coverage under another employer's group medical and prescription drug plan(s) Medicare, or retirement program coverage, are eligible to continue in the Contractor's medical and prescription drug plan(s) in accordance with current DOE guidance. These employees are also eligible to continue in the Contractor's vision care and dental plan(s). Cost for continued participation in the vision care and dental plan(s) will be at 100% employee expense.

(2) Premium Cost Sharing

Payment for premiums for Displaced Worker coverage for FTR employees shall be according to the following schedule:

<u>Time Since Separation</u>	<u>Contractor</u>	<u>Displaced Workers</u>
Up to 1 year	80%	20%
Up to 2 years	50%	50%
Up to 3 years	0%	100%
After 3 years	0%	102%

Payment for premiums for Displaced Worker coverage for Part-time Regular (PTR) employees shall be according to the following schedule:

<u>Time Since Separation</u>	<u>Contractor</u>	<u>Displaced Workers</u>
Up to 1 year	50%	50%
Up to 2 years	50%	50%
Up to 3 years	0%	100%
After 3 years	0%	102%

Eligibility for coverage for Displaced Worker medical coverage shall cease upon eligibility for an employer's group health plan or Medicare.

(d) Health Insurance: Dental, Medical, Vision, and Prescription Drug Plans

(1) General Terms and Conditions of Health Insurance

(i) Eligibility

- (A) All FTR and PTR employees become eligible on the initial date of active employment or date of change to an eligible status.
- (B) FTT employees are eligible on the initial date of employment or change to an eligible status.
- (C) Non-employee postgraduate research participants are eligible to participate at their own expense in the medical and prescription drug plans only. Postgraduate research participants are not eligible for dental or vision care coverage.
- (D) If choosing to participate, an otherwise eligible employee must participate in all four health insurance plans - medical, dental, prescription drug, and vision care.
- (E) Dependents
Dependents become eligible when an eligible employee becomes covered or when the dependent is acquired.

(ii) **COBRA**

Covered individuals may elect to continue coverage at their expense beyond the date coverage would otherwise end, as mandated by the COBRA legislation, for periods of 18, 29, or 36 months (depending on the qualifying event). The Contractor may elect to contract with a third-party administrator to provide administrative services for tracking, corresponding with, notifying, collecting premiums from, and terminating COBRA continues.

(iii) **Retirement Coverage**

Health insurance coverage may be continued for early retirees with [REDACTED] years or more of completed service [REDACTED] and their dependents until the Medicare eligibility age of each, or until each is covered by Medicare or another group insurance coverage whichever comes first. Premiums will be based on the retiree's age and service. For purposes of defining "another group coverage," TRICARE health coverage eligibility for Contractor employees who have retired from the military will not be considered as "group coverage" and, therefore, will not preclude such an employee from being eligible for benefits under this section.

The costs for retiree health insurance will be funded on a "pay-as-you-go" basis. However, the Department recognizes its continuing obligation

to provide post-retirement benefits to retirees beyond the term of the present contract based on service under this and the preceding contracts.

(iv) **Coverage Following Death of the Employee**

Health insurance coverage for the spouse and eligible dependent children in force at the time of an employee's death will continue with the full "premium" paid by the Contractor until the earliest of:

- (A) remarriage of the spouse, in which case coverage for all insured individuals ceases;
- (B) a covered family member no longer meets the definition of a dependent under the plan;
- (C) one year from the employee's death.

COBRA-related continuation of benefits may be chosen by the covered individuals to extend coverage beyond the periods stated above. The total cost of COBRA continued benefits will be paid by individual electing coverage.

(v) **Leave of Absence**

Continuous coverage during a leave of absence is permitted for up to 12 months if:

- (A) the Contractor continues to consider the covered individual an employee and all other employee benefits are also continued;
- (B) the leave is for a specific period of time established in advance of the leave;
- (C) the purpose of the leave is documented; and
- (D) the employee pays the full cost of continued coverage.

(vi) **Total Disability**

Medical coverage will be continued for a totally disabled employee and his or her eligible dependents with the full premium paid by the Contractor until the earliest of:

- (A) ■ months from the employee's total disability termination;
- (B) the employee ceases to be totally disabled;

- (C) the covered individual attains age 65;
- (D) the covered individual becomes eligible for Medicare;
- (E) the covered individual participates in another group insurance; or
- (F) the covered individual is no longer a dependent.

For purposes of defining “another group coverage,” TRICARE health coverage eligibility for Contractor employees who have retired from the military will not be considered as “group coverage” and, therefore, will not preclude such an employee from being eligible for benefits under this section.

COBRA-related continuation of benefits may be chosen by the covered individual to extend coverage beyond the periods stated above. The total cost of COBRA continued benefits will be paid by the covered individual. The employee or dependent is expected to obtain Medicare coverage when eligible.

(vii) **Contribution for Payment of Premiums**

(A) **FTR and FTT (Effective July 1, 2014)**

The Contractor shall contribute [REDACTED] of the total premium rate (retention plus claims) on a monthly basis; covered employees contribute [REDACTED] the premium rate.

(B) **PTR**

The Contractor shall contribute [REDACTED] the total premium rate (retention plus claims) on a monthly basis; covered employees contribute [REDACTED] of premium rate.

(viii) **Funding of Health Insurance Plans**

Funding of plans will include amounts sufficient to cover projected annualized claims, plus administrative, network access, reinsurance, and other related fees and premiums. The Contractor may maintain a self-insurance program to finance the Health Insurance Plans.

(ix) **Administrative and Setup Fees**

Reasonable administrative, setup and initial communication costs incurred by the Contractor shall be reimbursable under this contract. Membership dues to a health care business coalition shall be considered administrative costs.

(2) **Dental Insurance Plan**

The Contractor provides dental insurance benefits as part of its four-part health plan. Highlights of the plan include:

- (i) [REDACTED] coverage for preventive maintenance (cleaning/checking) twice a year.
- (ii) An annual individual and family deductible.
- (iii) [REDACTED] coverage for restorative procedures, endodontics, periodontics, oral surgery.
- (iv) [REDACTED] coverage for dentures, cast crowns, etc.
- (v) [REDACTED] coverage for orthodontics (including adults); a lifetime maximum applies.
- (vi) An annual individual maximum, except orthodontics.

(3) **Medical Insurance**

The Contractor provides medical insurance benefits as part of its four-part health plan. Highlights of the plan include:

- (i) [REDACTED] charges paid after a co-payment for medically necessary treatment as an inpatient in an in-network providing hospital.
- (ii) [REDACTED] coverage for doctor's office visits after a co-payment for in-network provider services.
- (iii) [REDACTED] of in-network charges for certain lab work, medical supplies, durable medical equipment, therapy, psychiatric care, chiropractic services, etc. paid after deductible. (An individual and a family deductible apply.)
- (iv) Pre-admission certification required for all in-hospital admissions and many outpatient procedures.
- (v) [REDACTED] of charges paid for a life threatening emergency room visit.
- (vi) A co-payment for a non-life threatening emergency room visit.
- (vii) No preexisting condition waiting period.

(viii) Out-of-pocket limits with higher limits for choice of out-of-network providers.

(ix) Spouse and children under age 26 may be covered.

(4) **Vision Care Plan**

The Contractor provides vision care insurance benefits as part of its four-part health insurance plan. Highlights of the plan include:

(i) Eye exam, necessary lenses (including contacts), and frames [REDACTED]

(ii) No additional out-of-pocket charge if patient stays within limits of approved services.

(5) **Prescription Drug Plan**

The Contractor provides a prescription drug card plan as part of its four-part health insurance plan. Highlights of the plan include:

(i) A co-payment schedule for generic versus preferred brand name versus non-preferred brand name prescription drugs.

(ii) A mail order (home delivery) option.

(e) **Basic Retirement Plan**

(1) **General**

(i) **Purpose**

The Contractor will maintain a defined contribution Basic Retirement Plan for the purpose of enabling the provision of income to former employees of the Contractor during retirement. This plan will be funded by the Contractor and employees under Section 403(b) of the Internal Revenue Service code.

Retirement contributions paid to the carrier under the Basic Plan are used to purchase a paid-up annuity which pays an annual fixed dollar income during retirement or which may be fully distributed or transferred to other savings and investment vehicles at the discretion of the employee.

Contributions will be made to an approved tax-deferred annuity company on a pretax basis through salary reduction under IRS tax code 403(b).

- (ii) **Carrier**
The Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF).

(2) **Eligibility/Required Participation**

Employees who meet the eligibility requirements stated below must participate in the basic retirement plan.

(i) **FTR and PTR Employees**

- (A) Must begin participation on date of employment or change in status to FTR or PTR.
- (B) Must begin participation in the plan no later than their 21st birthday.
- (C) Cannot participate in the plan prior to their 21st birthday.
- (D) All contributions are made by the employee only during the first year of service.
- (E) ORAU contributions will begin following the completion of one year of service.
- (F) Must continue participation in the basic plan as long as employed with the Contractor in an eligible status.

(ii) **FTT, TEMP, and VOE Employees**

Are not eligible for participation in the Basic plan.

(3) **Retirement Age/Social Security**

(i) **Normal and Mandatory Retirement**

The normal retirement age is 65. By Federal law no mandatory retirement age exists. Employees must continue in the basic retirement plan as long as employed in an eligible status.

(ii) **Early Retirement**

An employee may retire at age ■ with at least ■ years of completed service.

(iii) **Social Security**

Payment of taxes may be made under the Social Security Act of 1935 as amended and as may subsequently be amended from time to time.

(4) **Contributions**

Contributions to the Basic Retirement Plan are computed as a percentage of basic monthly salary of the employee as follows:

	By Employee	By Contractor	Total
During 1 st Year of employment			
During 2nd Year of employment			
After 2 Years of employment			

(5) **Tax deferral of contributions**

Contributions to the basic retirement plan must be made by a corresponding reduction in the employee's basic salary as follows:

- (i) For the amount of employee contributions stated in (4) above.
- (ii) Funds paid via salary reduction are tax-deferred and, for purposes of application of IRS regulations, are considered as Contractor contributions. No withholding tax will be taken by the Contractor, and payment of income taxes by the employee is deferred until the employee begins receiving income from the plan.

The employee's basic pay rate before reduction is retained for purposes of participation in all benefit plans related to salary, such as social security, life insurance and long-term disability insurance, and for purposes of salary administration and reporting.

(6) **Vesting**

For employees hired prior to January 1, 2012, all retirement benefits or rights purchased by employee and employer contributions are fully and immediately vested with the employee. Under no circumstances is any refund or any part of the reserve built up under this plan through employee or employer contributions payable to the Contractor, nor shall any of the Contractor's contributions accrue to the benefit of the Contractor.

For employees hired on January 1, 2012 and later, all retirement benefits or rights purchased by employee contributions are fully and immediately vested with the employee. All retirement benefits or rights purchased by Contractor contributions are vested fully with the employee at [REDACTED]; Contractor contributions until that time are vested at [REDACTED]. Under no circumstances is any refund or any part of the reserve built up under this plan through employee contributions payable to the Contractor, nor shall any of the Contractor's contributions after [REDACTED] years of employment accrue to the benefit of the Contractor.

(7) **Benefits**

- (i) On death prior to commencement of annuity benefit payments, the full value of the annuity accumulation is payable to the beneficiary in a single sum or under any one of the income options offered by the basic retirement plan contract.
- (ii) Upon retirement, payments are made in accordance with one of the existing options set forth in the basic retirement plan contracts.

(f) **Supplement Retirement Plan**

(1) **General**

(i) **Purpose**

The Contractor will maintain a defined contribution Supplemental Retirement Plan for the purpose of enabling the provision of additional income to former employees of the Contractor during retirement. This plan will be funded by the Contractor and employees under Section 403(b) of the Internal Revenue Service code.

Retirement contributions paid to the carriers under the Supplemental Plan are used to purchase a paid-up annuity which pays an annual fixed dollar income during retirement or which may be fully distributed or transferred to other savings and investment vehicles at the discretion of the employee.

The Supplemental Retirement Plan is a retirement plan designed to complement the Basic Retirement Plan.

Contributions will be made to an approved tax-deferred annuity company on a pretax basis through salary reduction under IRS tax code 403(b).

(ii) **Carriers**

One or more carriers as approved by the Contractor, including insurance companies and/or mutual funds maintaining 403(b) retirement plans.

(iii) **Eligibility**

Employees who meet the eligibility requirements given below may participate in the Supplemental Retirement plan on a voluntary basis. Contributions are exclusive of mandatory contributions to the basic retirement plan.

(A) **FTR and PTR employees**

FTR and PTR employees who are at least age 21 are eligible to participate in the Contractor-match Supplemental Retirement plan on a voluntary basis through approved annuity vendors. In no case will Contractor contributions be made in the absence of contributions by the employee.

(B) FTR and PTR employees under age 21, FTT, TEMP, and VOE Employees

Employees who are FTR and PTR employees under age 21, or are classified as FTT, TEMP, or VOE are eligible to participate on a voluntary basis in the supplemental retirement plan, but without a Contractor match.

(iv) Contributions

Contributions to the Contractor-match Supplemental retirement plan are computed as a percentage of the basic salary. The Contractor will match [REDACTED] of the employee contribution. The total Contractor match will vary based on the individual employee match, but will not exceed [REDACTED]

(v) Tax Deferral of Contributions

Contributions to the supplemental retirement plan must be made by a corresponding reduction in the employee's base salary as follows: For the amount of employee contributions requested by the employee's exclusion allowance set forth under section 403(b) of the Internal Revenue Code, the limits of the Employee Retirement Security Act, or the limits of the Tax Reform Act, whichever is less.

Funds paid via salary reduction are tax deferred and for the purposes of application of IRS regulations are considered as Contractor contributions. No withholding tax will be taken by the Contractor and payment of income taxes by the employee is deferred until the employee begins receiving benefits.

The employee's basic pay rate before reduction is retained for purposes of participation in all benefits plans related to salary, such as social security, life insurance, and for purposes of salary administration and reporting.

(vi)

[REDACTED]



- (vii) **Benefits**
Benefits will be paid based on the terms of the employee's agreement with the approved annuity vendor.

(g) *Group Disability Income Insurance and Waiver of Basic Retirement Premium For Disabled Employees*

- (1) **Eligibility**
All FTR employees.

- (2) **Benefits**
The plan provides a monthly income, including any disability benefits from Social Security, Workers' Compensation, and other sources stated in the carrier's contract equal to [REDACTED] of the employee's basic monthly salary (hourly rate x 2080/12) up to a maximum benefit of [REDACTED]



- (3) **Contributions and Dividends**
Premiums for both the long term disability income benefit and the waiver of Basic retirement premium benefit will be paid by the Contractor.

(h) *Life Insurance-Basic Coverage*

- (1) **Eligibility**
 - (i) All FTR and PTR employees become eligible on the initial date of active employment or date of change to eligible status.
 - (ii) FTT employees become eligible on the initial date of active employment or when appointment is extended to one year or longer.

- (2) **Coverage**
Basic life insurance amounts will be based upon the employee's basic annual salary rate in accordance with the following formula. Basic coverage will be calculated separately from supplemental.

<u>Category</u>	<u>Coverage</u>
FTR Employees	
PTR Employees	
FTT Employees	

(3) **Maximum Insurance**

The maximum coverage for FTR employees is [REDACTED] the maximum coverage for FTT employees is [REDACTED]; the maximum coverage for PTR employees is [REDACTED]

(4) **Age Reduction**

Basic coverage amounts will be reduced to [REDACTED] of normal at age 65 and to [REDACTED] of normal at age 70. This reduction shall apply to Basic and Supplemental coverage.

(5) **Contribution for Payment of Premiums**

All basic insurance premiums are [REDACTED] Contractor-funded.

(6) **Retiree Coverage**

Basic life insurance coverage for employees, who retired prior to July 1, 1980, will be continued with the full cost paid by the Contractor. Basic life insurance coverage of \$5,000 will be continued until death following retirement for eligible retirees who retired between July 1, 1980 and May 31, 1997. Basic life insurance coverage of [REDACTED] will be continued for retirees who retired on or after June 1, 1997.

For purposes of this benefit, prior to July 1, 2000, an eligible retiree is defined as one whose sum of age and length of service (in years) equals at least 65 and who has at least five completed years of continuous service. Effective July 1, 2000, an eligible retiree is defined as one with at least [REDACTED] years of completed service and age [REDACTED] or above. The full cost of the life insurance coverage will be paid by the Contractor.

The costs for retiree life insurance will be funded on a "pay-as-you-go" basis. However, the Department recognizes its continuing obligation to provide post-retirement benefits to retirees beyond the term of the present contract based on service under this and the preceding contracts.

(7) **Waiver of Premium Benefit**

If an insured employee becomes totally disabled prior to age 60, basic life insurance premiums will be waived from the first day of the next month following six months from the initial date of disability until the date the

individual is no longer disabled, his/her 65th birthday, or fails to submit evidence of continued disability to insurance carrier, whichever occurs first.

If the covered employee remains disabled at age 65 and the employee has completed [REDACTED] years of service prior to the disability, his/her coverage will be converted to Retiree Coverage.

If the Schedule of Benefit includes a reduction in the amount of life insurance due to age, such reduction will also apply to an insured employee whose coverage is continued under the waiver of premium benefit.

(i) Employee Death Benefit

In the case of death of a FTR employee, an amount equal to [REDACTED] of the employee's annualized basic pay rate will be paid to the surviving spouse, next of kin, or personal representative of the deceased employee, as determined by the Contractor.

In the case of death of a PTR employee, an amount equal to [REDACTED] of the FTR benefit rate of the employee will be paid to the surviving spouse, next of kin, or personal representative of the deceased employee, as determined by the Contractor.

(j) Section (125) Account Plan

(1) Eligibility

All employees of the Contractor are eligible. The premium conversion for health insurance plans is limited to those employees otherwise eligible for and participating in those plans.

(2) Section 125 Plan Creation

The Contractor shall have a Section 125 plan as described in Section 125 of the Internal Revenue Code, whereby each participant may elect among certain benefits.

(3) Medical, Dental, Vision, and Prescription Drug Plans Premium Conversion

Eligible employees will be permitted to make a designation of reduction in salary amounts not to exceed their employee contributions to the medical, dental, vision care, and prescription drug plans. Federal income tax withholding and Social Security tax withholding shall not be deducted from such amounts.

The designated annual election amounts will be distributed and taken from the payroll check of the employee on a monthly basis.

In addition, the Contractor, under Section 125, will not be required to make Social Security contributions on the salary reduction amounts directed by employees.

(4) **Dependent Care Assistance Plan**

During the annual 60-day enrollment period, eligible employees will be permitted to make a designation of reduction in salary for amounts not to exceed the current Section 125 limit per year for reimbursement from the Dependent Care Assistance Plan. Federal income-tax withholding and Social Security tax withholding shall not be deducted from those amounts.

In addition, the Contractor, under Section 125, will not be required to make Social Security contributions on the salary reduction amounts directed by employees.

(5) **Flexible Medical Spending Account**

Employees who are eligible to participate in the health insurance plan are eligible to participate in the Section 125 flexible medical spending account, under which employees may direct contributions from ongoing paychecks on a tax-free basis to an account for payment of otherwise unreimbursed medical expenses, such as office visit co-pays, drug co-pays, deductibles, and other expenses.

(6) **Plan Funding**

Plan funding will be derived from salary reductions elected by employees. Premium waiver amounts will be reported to the carrier.

Reimbursements for dependent care and flexible medical spending will be paid by the carrier. Excess plan funds not reimbursed at the end of each plan year will revert to the assets of the plan as a whole.

(k) Travel Accident Insurance

- (1) Travel accident insurance is provided for all employees.
- (2) This insurance covers accidental bodily injury or death sustained by the "insured person" provided "such injuries" occur while the person is on a bona fide trip of the Contractor. Official travel is for the purpose of furthering the business of the Contractor, provided the destination of such trip requires the person to travel. Approved business-related local travel on behalf of the Contractor is included. Commuting between work and one's place of residence is not covered. Except for special risk coverage, coverage for injuries or death suffered in travel or in flight in an aircraft shall not apply if (a) the employee is a crew member, or (b)

the aircraft is owned, leased, or operated under the direction of the Contractor, or (c) the aircraft is not in accordance with specific limits stated in the policy regarding aircraft flights.

The benefit payable for death, dismemberment, and loss of sight will be an amount equal to [REDACTED] the employee's annual salary but with a minimum of [REDACTED] to each insured person. These benefits are payable to more than one person as a result of one accident; the aggregate limit of indemnity is [REDACTED]

(I) *Medical evacuation services/insurance*

Employees required to perform official travel to foreign countries where local care is substandard (according to U.S. standards) may have coverage that pays for evacuation services to an acceptable medical facility in a proximal location on an urgent or emergency basis. The policy shall cover evacuation, expatriation of remains, and ancillary costs associated with the incident. Costs for such coverage for eligible employees are allowable.