

DOE 3220.1A
5-14-92

THIS PAGE MUST BE KEPT WITH DOE 3220.1A. MANAGEMENT OF
CONTRACTOR PERSONNEL POLICIES AND PROGRAMS

DOE 3220. 1A, MANAGMENT OF CONTRACTOR PERSONNEL POLI CIES AND
PROGRAMS, HAS REVISED DOE 3220.1 TO REFLECT ORGANIZATIONAL
TITLE, ROUTING SYMBOL, AND OTHER EDITORIAL REVI SIONS TO
INCORPORATE CHANGES REQUIRED BY SEN-6. NO SUBSTANTIVE CHANGES
HAVE BEEN MADE. DUE TO THE NUMBER OF PAGES AFFECTED BY THE
REVI SIONS, THE ORDER HAS BEEN ISSUED AS A REVI SION.

U.S. Department of Energy
Washington, D.C.

ORDER

DOE 3220.1A

5-14-92

SUBJECT: MANAGEMENT OF CONTRACTOR PERSONNEL POLICIES AND PROGRAMS

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1. PURPOSE. To establish organizational responsibilities and procedures for the review and approval of costs for compensation of personal services incurred by the Department of Energy (DOE) contractors.
 2. CANCELLATION. DOE 3220.1, MANAGEMENT OF CONTRACTOR PERSONNEL POLICIES AND PROGRAMS, of 3-4-81.
 3. SCOPE. The provisions of this Order apply to contractors who are performing operating and onsite service work, onsite construction, and onsite architect-engineer work as defined in DOE PR 9-50.001. Excluded from coverage are contractor personnel policies and programs subject to the collective bargaining process.
 4. BACKGROUND. It clarifies and implements the DOE Procurement Regulations (DOE PR) concerning contract cost principles relative to contractor compensation policies for personal services and other personnel related costs applicable to operating and onsite service contracts.
 5. DEFINITION. Compensation for Personal Services. It includes all remuneration paid currently or accrued, in whatever form and whether paid immediately or deferred, for services rendered by employees of the contractor during the period of contract performance. It also includes, but is not limited to, salaries, wages, directors and executive committee members fees, bonuses (including stock bonuses), incentive awards, employee stock options, employee insurance, fringe benefits, contributions to pension, annuity, management-employee incentive compensation plans, and location allowances.
 6. OBJECTIVE. To assure a stable and productive contractor work force to carry out its production operation and research and development programs.
 - a. DOE must assure that its operating and service contractors establish and maintain personnel policies and programs which are comparable with the competitive market. To achieve this objective and to meet DOE responsibility for the judicious control of contractor personnel expenditures, the DOE reaches advance agreements with contractors on reasonableness and allowability of costs prior to incurrence.

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INITIATED BY:
Office of Procurement, Assistance
and Program Management

- b. This agreement is reached by either a negotiated "personnel appendix" to the contract or DOE documented acceptance of established personnel policies and programs applicable to the contractor's private operations and consistently followed throughout its organization.

7. RESPONSIBILITIES AND AUTHORITIES.

- a. Director of Procurement, Assistance and Program Management (PR-1) shall:
 - (1) Coordinate with the Office of Administration and Human Resource Management (AD-1) through the cognizant contracting officers for:
 - (a) Advance review and assistance as needed in negotiations of personnel appendices for those contracts covered by this Order;
 - (b) Proposed changes to the DOE PR 9-50.15 related to compensation for personal services; and
 - (c) Proposed changes of other industrial relations matters (e.g., labor standards).
 - (2) Provide for contracting officers to carry out the objectives and requirements of this order and the policies as set forth in the DOE PR.
 - (3) Establish and maintain cost principles relating to allowability of cost for DOE operating and onsite service contracts.
- b. Director of Contractor Human Resource Management (PR-15) shall:
 - (1) Assist and coordinate with PR-1, all proposed changes to the DOE PR relating to compensation for personal services, salary thresholds and related personnel costs.
 - (2) Review and recommend to the contracting officer approval or disapproval of advance understandings of compensation for personal services (personnel appendices) negotiated at Headquarters.
 - (3) Recommend to the contracting officer approval or disapproval of advanced understandings of compensation for personal services and related costs which are negotiated at Field Elements and submitted to Headquarters for review.
 - (4) Provide assistance with the negotiations of personnel appendices when requested by contracting officers.

- (5) Establish annually a guideline for contractor salary increase funds.
- (6) Review and approve all contractor salary increase funds which exceed PR-1 guidelines.
- (7) Maintain liaison on wage price issues with the designated Federal agency responsible for overall wage-price standards affecting national economy.
- (8) Provide guidance to contracting officers on DOE wage-price guidelines.
- (9) Review and approve individual contractor salary actions over a specified amount, except salaries of directors and managers of select DOE laboratories and facilities which require approval of the Executive Personnel Board.
- (10) Provide advance review and approval or disapproval of compensation surveys proposed by contractors for the collection of data when such surveys are: (a) outside the labor market area in which the contractor competes; or (b) on a nationwide basis.
- (11) Coordinate with the Chief Financial Officer for the review and concurrence of proposed contractors personnel policies and new programs which have significant potential impact on current/future DOE budgets and/or financial management.

c. Contracting Officer shall:

- (1) Negotiate advance understandings on allowable compensation for personnel services with contractors as defined in the scope of this Order.
- (2) Prepare, as appropriate, personnel appendices and modifications thereto, setting forth agreements on compensation of personal services.
- (3) Coordinate with PR-15 on issues (pension plans or insurance programs) for which advance understandings cannot be reached prior to cost incurrence and which require a retroactive date.
- (4) Consult with PR-15 prior to contract approval of policies, practices, and programs which may be novel or precedent setting with significant cost impact.
- (5) Submit, after endorsement, individual contractor salary actions, as specified by AD-1, in triplicate to PR-15 at least 10 working days prior to the proposed effective date.

DOE Form AD-37 will be used for individual actions and a salary list (Attachment. 1) for multiple actions (five or more) from the same contractor.

- (6) Coordinate with the Chief Financial Officer for the review and concurrence of proposed contractors personnel policies and new programs which have significant potential impact on current/future DOE budgets and/or financial management.

8. PROCEDURES AND REQUIREMENTS. In developing and negotiating an advance understanding, the negotiating activity will:

- a. Request required information data prior to negotiations and begin DOE review concurrently with or prior to the major contract negotiation.
- b. Coordinate with other DOE Field Elements having contracts with the same firm to avoid duplicate review and inconsistent determinations of allowability and reasonableness of personnel costs.
- c. Minimize the allowability of policies, programs, and schedules that may be novel or more liberal than those prevailing in the contractors competitive labor market with increased contract costs.
- d. Consult with PR-15 prior to approving policies, programs, and schedules which may be novel or which may set a precedent for other contracts or which may lead to a request to PR-1 for a deviation from DOE PR.
- e. Arrange with PR-15 for deferred approval of certain cost items (e.g., pension plans or group insurance) when advance agreements cannot be achieved.

9. ADVANCE AGREEMENT ON INCREASE FUNDS.

- a. The "increase fund" is an overall amount of money or percentage of payroll as of the beginning of the budget period which may be used, but not exceeded, by the contractor in granting increases to employees in the group(s) covered by the fund. The "increase fund" should include all increases in base wages and salaries within approved ranges regardless of the reason for the increase (e.g., merit, reclassification, market, economic, promotion). Separate controls over some increases may be established as appropriate in a specific contract, situation.

- b. To assure reasonableness of contractor wage and salary levels, DOE must have control and approval authority over the amounts of money or percentage of payroll (increase fund) to be expended for wage and salary increases during the term of the contract. Each personnel appendix should provide control over amounts to be expended for compensation increases for groups of employees, rather than amounts or percentages granted individuals.
10. BONUS AND INCENTIVE COMPENSATION PAYMENTS. Bonus and incentive payments may be allowable costs provided they meet the specified requirements set forth in DOE PR 9-50.1510.14(b). When such costs are proposed by the contractor, the negotiating activity is to collect the following information for its review:
- a. Proposed Plans.
 - (1) A description of the plan and its scope in terms of types and levels of employees covered and organization elements and locations to which the plan is applicable.
 - (2) The rules for determining employee eligibility to receive a bonus or incentive award.
 - (3) The formula for and method of generating the bonus or incentive funds.
 - (4) The rules for determining the amounts or percentages of awards and/or payments.
 - b. Extension of Existing Plans. Experience under the plan for each of the last 2 years (show payments made during the year even if the payment resulted from an award made in a prior year):
 - (1) Number of employees eligible for participation;
 - (2) Base payroll of employees eligible for participation;
 - (3) Number of employees receiving payments;
 - (4) Total amount of payments;
 - (5) Base payroll of employees receiving payments; and
 - (6) Amount of money set aside under the plan but not awarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.
Acting Director
Administration and Human
Resource Management

LIST OF PROPOSED SALARY INCREASES

Individuals Recommended for Salary Increases \$ and Over a Year

Contractor Consolan, Inc.

Contract No.: 99-81WL32137.001

<u>Name</u>	<u>Job Title</u>	<u>Present Base Salary</u>	<u>Annual Proposed Base Salary</u>	<u>Dollar Increase</u>	<u>Increase %</u>	<u>Pd. (Mos)</u>	<u>Bonus^{1/} Payment</u>	<u>Prior Increase \$</u>	<u>Pd. (Mos)</u>	<u>Effec. Date</u>	<u>3 Year Rate (%)</u>
Knott, I.D.	Per. Dir.	\$45,000	\$48,375	\$3,375	7.5	12	\$2,500	\$4,000	14	5/1/81	6.8

Approving
Officials:

O.K. Acosta
Approved for Contractor by

March 1, 1981
DATE

C.O. Givens
Approved for DOE by
Contracting Officer

March 21, 1981
DATE

I.C. Almony
Approval/Concurrence by
DOE Headquarters

April 1, 1981
DATE

^{1/} Incentive compensation or other salary adjustments.