

SECTION II: DEFENSE NUCLEAR SITES

II.0 Background

Defense nuclear sites accounted for 94 percent of all workers separated in FY 2000.

II.1 Separations

There were 2,493 defense prime contractor separations in FY 2000 (Exhibit II.1). Of these separations, 1,760 (or 71 percent) positions were reduced voluntarily; 313 (or 13 percent) took early retirement, 1,045 (or 42 percent) accepted a non-retirement voluntary separation package, and 402 (or 16 percent) positions were reduced through managed attrition. An additional 733 (or 29 percent) were separated involuntarily (Exhibit II.2).

DEFENSE NUCLEAR SITES		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	1,760	\$10,477,203	\$33,894,189	\$44,371,392	\$25,211
1.1	Early Retirement	313	\$0	\$15,672,635	\$15,672,635	\$50,072
1.2	Non-Retirement Voluntary Separations (Severance Only)	1,045	\$10,477,203	\$18,221,554	\$28,698,757	\$27,463
1.3	Net Positions Reduced Through Attrition	402	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	733	\$52,211	\$6,274,803	\$6,327,014	\$8,632
2.1	With Benefits	485	\$52,211	\$6,274,803	\$6,327,014	\$13,045
2.1.1	Non-Construction Workers	473	\$10,031	\$6,262,622	\$6,272,653	\$13,261
2.1.2	Construction Workers	12	\$42,180	\$12,181	\$54,361	\$4,530
2.2	Without Benefits	248	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	2,493	\$10,529,414	\$40,168,992	\$50,698,406	\$20,336
3.0	Remaining Affected Workers		\$0	\$171,831	\$171,831	
3.1	Workers Placed Without Retraining	816	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	145	\$0	\$171,831	\$171,831	\$1,185
3.3	Transfers to Other Sites	619	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$1,693,226	\$2,305,255	\$3,998,481	
4.1	Displaced Worker Medical Benefits	588	\$0	\$1,496,357	\$1,496,357	\$2,545
4.2	Relocation Assistance	6	\$20,077	\$2,400	\$22,477	\$3,746
4.3	Separating or Separated Workers Using Outplacement	1,999	\$707,886	\$658,771	\$1,366,657	\$684
4.4	Education Assistance for Separated Workers	524	\$965,263	\$147,727	\$1,112,990	\$2,124
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$12,222,640	\$42,646,078	\$54,868,718	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	2,493	n/a	n/a	n/a	\$22,500
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	1,045	n/a	n/a	n/a	\$30,988
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	485	n/a	n/a	n/a	\$16,570
9.0	Other Separations	415	\$0	\$102,739	\$102,739	\$248
9.1	Voluntarily Separated	396	\$0	\$81,423	\$81,423	\$206
9.2	Involuntarily Separated	19	\$0	\$21,316	\$21,316	\$1,122

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.1 Defense Nuclear Sites Work Force Restructuring Summary

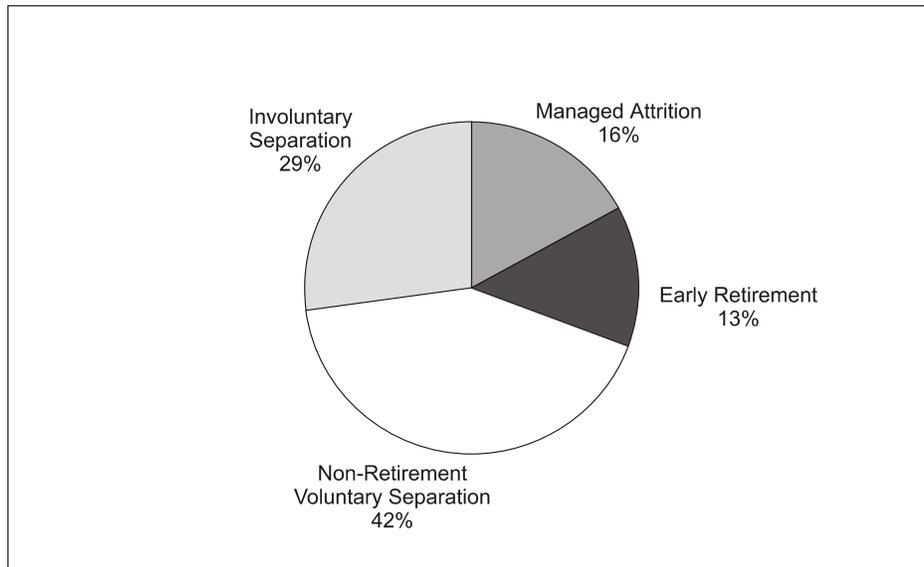


Exhibit II.2 Defense Nuclear Site Separations for FY 2000

II.2 Cost Savings and Separation Costs

Cost Savings. The annual cost savings of salaries associated with the 2,493 prime contractor employees separated from defense nuclear sites in FY 2000 were almost \$193 million,¹² versus the initial one-time separation cost of nearly \$54.9 million (Exhibit II.3).

Separation Costs. Total separation costs were almost \$54.9 million in FY 2000. Of these costs, slightly more than \$12.2 million were enhanced costs paid for by the Office of Worker and Community Transition (WT) and almost \$42.7 million were costs paid for by the various programs responsible for the sites covered in this report. The estimated fully-burdened cost per prime contractor separation at defense nuclear sites in FY 2000 was \$22,500.¹³ The average cost per early retirement was \$50,072. The estimated incentive cost per recipient for non-retirement voluntary separation programs was \$27,463, with a fully-burdened cost with benefits of \$30,988. Severance costs per recipient for involuntary separations were \$13,045, with a fully-burdened cost with benefits of \$16,570.

¹² Total annual employee compensation averaged \$77,405 for salary and benefits, based on historical data compiled by the Department's Office of Procurement Assistance and adjusted for inflation.

¹³ A fully-burdened cost per voluntary or involuntary separation is calculated by taking the average severance/incentive cost and adding a per capita historical average cost for other benefits of \$3,525. The fully-burdened cost for all separations uses a prorated historical average based on the ratio of separated workers eligible for benefits.

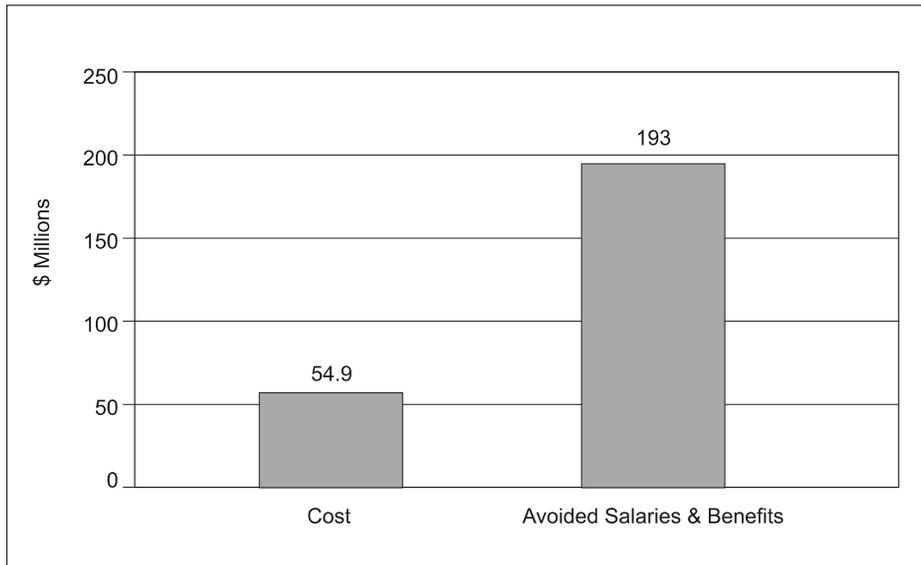


Exhibit II.3 Cost and Savings for FY 2000 Defense Nuclear Site Reductions in Employment

II.3 Mitigating Restructuring Impacts

Placement. In FY 2000, 1,580 employees were placed in other positions, either at the same site or other sites. The majority (816) were placed at their same site without retraining.

Medical Benefits. In FY 2000, 588 separated workers took extended medical benefits with an average cost of \$2,545 per worker. Recipients may have been separated in prior years.

Relocation. In FY 2000, 6 employees received relocation assistance at an average cost of \$3,746. Recipients may have been separated in prior years.

Outplacement. In FY 2000, 1,999 workers used outplacement services, with an average cost of \$684 per worker. Outplacement services are typically available to both prime contractor and subcontractor workers. Recipients may have been separated in prior years.

Educational Assistance. In FY 2000, 524 workers received educational assistance with educational costs averaging \$2,124 each. Recipients may have been separated in prior years.

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 14 defense nuclear sites have received community transition assistance; therefore, not all site summaries contain this discussion.

Subcontractor Separations. The Department has not historically tracked subcontractor employment data. Reporting subcontractor separations is not consistent across sites. After work force restructuring began in FY 1993, WT has tried to track separations in cases where work shifted from the scope of the management contract to various subcontracts.

II.4.1 Argonne National Laboratory

II.4.1.1 Background

The Argonne National Laboratory (Argonne) is a large, multi-program laboratory operated by the University of Chicago for the Department of Energy (DOE). The Laboratory's mission is basic research and technology development to meet national goals in scientific leadership, energy technology, environmental quality, and national security. To accomplish its mission for the Department and the Nation, Argonne strives continually to advance the frontiers of science and to use its leading-edge capabilities in science and engineering to provide quality solutions for customers and stakeholders. In these efforts, the Laboratory often works closely with other DOE laboratories so that the full capabilities of the DOE laboratory system are brought to bear on priority problems in science and technology.

II.4.1.2 History of Work Force Restructuring

Work force restructuring began at Argonne in FY 1995 when it separated 250 employees, most through a voluntary separation program. Restructuring continued in FY 1996 with 144 separations, most involuntary. In FY 1997, Argonne 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 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 and 103 employees in FY 1998, through both voluntary and involuntary reductions.

In FY 1999, Argonne was reclassified as a defense site. There were a total of 101 separations in FY 1999; 74 were voluntary separations including 62 early retirements and 12 non-retirement voluntary separations. There were also 27 involuntary separations. In addition, four workers were placed internally without retraining.

II.4.1.3 Current Work Force Restructuring

In FY 2000, there were 68 total work force separations at Argonne (Exhibit II.4), to include 51 voluntary separations, with 34 through attrition and 17 non-retirement voluntary separations. There were no early retirements. There were also 17 involuntary separations with benefits. In addition, two workers were placed internally without retraining.

Outsourcing. No outsourcing activity occurred during FY 1999 and FY 2000.

Rehires. One employee was rehired in FY 2000.

Office of Worker and Community Transition

Site: Argonne National Laboratory		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	51	\$0	\$773,006	\$773,006	\$15,157
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	17	\$0	\$773,006	\$773,006	\$45,471
1.3	Net Positions Reduced Through Attrition	34	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	17	\$0	\$354,557	\$354,557	\$20,856
2.1	With Benefits	17	\$0	\$354,557	\$354,557	\$20,856
2.1.1	Non-Construction Workers	17	\$0	\$354,557	\$354,557	\$20,856
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	68	\$0	\$1,127,563	\$1,127,563	\$16,582
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	2	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$17,982	\$17,982	
4.1	Displaced Worker Medical Benefits	7	\$0	\$17,409	\$17,409	\$2,487
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	7	\$0	\$573	\$573	\$82
4.4	Education Assistance for Separated Workers	0	\$0	\$0	\$0	\$0
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$1,145,545	\$1,145,545	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	68	n/a	n/a	n/a	\$18,344
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	17	n/a	n/a	n/a	\$48,996
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	17	n/a	n/a	n/a	\$24,381
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.4 Argonne National Laboratory Work Force Restructuring Summary

II.4.1.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at Argonne was slightly more than \$1.1 million, all of which were program costs (Exhibit II.4). The average estimated fully-burdened program cost per non-retirement voluntary separation was \$48,996 and \$24,381 per involuntary separation. The fully-burdened cost per non-retirement voluntary separation is higher than average due to the fact that some of the separated employees had many years of seniority and higher-than-average salaries. The average cost of displaced worker medical benefits was \$2,487, and outplacement assistance was \$82. The average savings in salary and benefits for the 68 positions reduced are almost \$5.3 million, for a one-time severance cost of over \$1.1 million.

II.4.1.5 Outplacement

Argonne provides individual and group workshops on marketing, job-hunting techniques, networking, resume development, letter writing, interviewing techniques, educational and training goals, financial planning, and follow-up or progress sessions for individuals through contracted service agencies.

Preference-in-Hiring. No one was placed at Argonne during FY 2000 with preference-in-hiring provisions. Seventeen individuals remain who are eligible for preference-in-hiring.

II.4.1.6 Future of the Site

It is expected that Argonne will continue, for the foreseeable future, to carry out its mission in basic research and technology development. Argonne's major mission areas are fundamental science, national research, energy technologies, national security, and technical evaluation. No significant change is forecast in mission or employment.

II.4.1.7 Accomplishments and Lessons Learned

- In recent years, the voluntary separation programs have been successful in reducing the number of employees scheduled for involuntary separation when reductions-in-force have been necessary.
- Since the mission of Argonne has remained constant, no significant work force restructuring has occurred.

II.4.2 Brookhaven National Laboratory

II.4.2.1 Background

The Brookhaven National Laboratory (BNL) is a large, multi-program Laboratory operated by Brookhaven Science Associates for the Department of Energy (DOE). The Laboratory's broad mission is to produce excellent science in a safe, environmentally-benign manner with the cooperation, support, and appropriate involvement of their many communities. Specifically, the mission of BNL, which supports DOE's strategic missions, is to:

- conceive, design, construct, and operate complex, leading-edge, user-oriented facilities in a safe and environmentally-benign manner that is responsive not only to DOE's requirements, but also to the needs of the users;
- carry out basic and applied research in long-term programs at the frontier of science that supports DOE missions and the needs of the Laboratory's user community;
- develop advanced technologies that address national needs and initiate their transfer to other organizations and the commercial sector; and
- disseminate technical knowledge to educate new generations of scientists and engineers, to maintain currency in the Nation's work force, and to encourage scientific awareness in the general public.

II.4.2.2 History of Work Force Restructuring

Work force restructuring at BNL began in FY 1995 when it separated 332 employees. The majority were voluntary through attrition, early retirement, and non-retirement voluntary separation. In FY 1996, an additional 270 employees were separated, most leaving through attrition, and some through early retirement and non-retirement voluntary separation. In FY 1997, BNL was reclassified from a defense nuclear site to a non-defense site. DOE 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 at the site were not related to a comprehensive change in mission resulting from the end of the Cold War. In FY 1997, there were 69 separations, with the majority receiving early retirement. BNL separated a total of 52 employees in FY 1998, most through voluntary separation programs.

In FY 1999, BNL was reclassified as a defense site. There were a total of 72 separations at BNL in FY 1999, including 68 voluntary separations and 4 involuntary separations. Of the voluntary separations, 57 were early retirements and 11 non-retirement separations.

II.4.2.3 Current Work Force Restructuring

In FY 2000, BNL separated a total of 119 employees, including 111 voluntary separations and 8 involuntary separations (Exhibit II.5). In addition, 18 employees were placed internally without retraining.

	Site: Brookhaven National Laboratory	FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	111	\$0	\$5,026,185	\$5,026,185	\$45,281
1.1	Early Retirement	97	\$0	\$4,673,623	\$4,673,623	\$48,182
1.2	Non-Retirement Voluntary Separations (Severance Only)	14	\$0	\$352,562	\$352,562	\$25,183
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	8	\$0	\$201,466	\$201,466	\$25,183
2.1	With Benefits	8	\$0	\$201,466	\$201,466	\$25,183
2.1.1	Non-Construction Workers	8	\$0	\$201,466	\$201,466	\$25,183
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	119	\$0	\$5,227,651	\$5,227,651	\$43,930
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	18	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$206,000	\$206,000	
4.1	Displaced Worker Medical Benefits	56	\$0	\$206,000	\$206,000	\$3,679
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	0	\$0	\$0	\$0	\$0
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$5,433,651	\$5,433,651	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	119	n/a	n/a	n/a	\$44,582
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	14	n/a	n/a	n/a	\$28,708
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	8	n/a	n/a	n/a	\$28,708
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.5 Brookhaven National Laboratory Work Force Restructuring Summary

Outsourcing. During FY 1999, BNL, through its make-or-buy program, outsourced its telecommunications function. There were no reductions-in-force associated with this activity in FY 1999. Outsourcing of the Personal Computer Support Group repair function resulted in two layoffs in FY 2000.

Rehires. In FY 2000, there were no separated employees rehired.

II.4.2.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at BNL was just over \$5.4 million, all of which were program costs (Exhibit II.5). The average estimated fully-burdened cost per early retirement was \$48,182. The average estimated fully-burdened cost per both non-retirement voluntary separations as well as involuntary separations was \$28,708. The average cost of displaced worker medical benefits was \$3,679. The average savings in salary and benefits for the 119 positions reduced are slightly more than \$9.2 million, for a one-time severance cost of just over \$5.2 million.

II.4.2.5 Outplacement

Facing the layoff of 10 employees in the Information Technology Division, BNL contracted with an outplacement firm, Right Associates, to provide workshops on searching for jobs, preparing resumes, and dealing with the difficulty of accepting a layoff after many years of service.

Preference-in-Hiring. Any employee involuntarily separated is given preference-in-hiring for 52 weeks after that action has taken place. In addition, as requested, information is entered in the DOE Jobs Opportunity Bulletin Board System's data bank. At the present time, no employees covered under section 3161 are being considered under applicable preference-in-hiring provisions. Moreover, given the job set skills of available positions and the skills of those laid off, there were no involuntary reductions-in-force that BNL was able to rehire under those provisions. Eight individuals remain who are eligible for preference-in-hiring. No one who was offered preference-in-hiring turned down the offer.

II.4.2.6 Future of the Site

The BNL envisions a future of accelerating progress in linking fundamental knowledge of the structure of matter with the practical technologies needed to address the most challenging problems of society. In this context, the Laboratory will provide innovative and powerful facilities that permit researchers from all over the world to make this link, and will foster the application of those facilities to problems of national significance consistent with DOE objectives.

The mission of the Laboratory has remained unchanged and is expected to continue in the manner noted above. The decision not to restart the High Flux Beam Reactor and the Laboratory's decision not to keep the Brookhaven Medical Research Reactor open will result in a reduction of employees. Throughout FY 2000, BNL continued its efforts to place employees. This effort will continue in FY 2001; however, the Laboratory is unsure of the number of staff that will be transferred to the decontamination and decommissioning effort. Approximately 45 employees are still associated with this operation.

II.4.2.7 Accomplishments and Lessons Learned

- The Laboratory has used term and project appointments for its construction projects. The use of such appointments reduces the need for involuntary separations and the cost of providing severance pay.
- The use of voluntary separation programs has successfully reduced the number of employees who otherwise would have been involuntarily separated when reductions-in-force were necessary.

II.4.3 Hanford Site

II.4.3.1 Background

The Hanford Site (Hanford), located in southeastern Washington State, was selected in January 1943 to build and operate 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. Hanford 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 of Energy (DOE) announced that N Reactor would be permanently shutdown.

As a result of 40 years of plutonium production, chemical and radioactive wastes contaminated many areas within the site boundary. Hanford is engaged in a massive environmental cleanup and restoration project to deal with accumulated chemical and radioactive wastes. Today, Hanford is one of the largest and most complex environmental restoration efforts in the Nation. Hanford has developed an accelerated approach to cleaning up the site that is focused on three outcomes to include: restoring the Columbia River corridor, transitioning the central plateau to safe, long-term waste management, and putting Hanford assets to work for the future. 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 (PNNL) located at Hanford.

On July 1, 1993, Bechtel Hanford, Inc. (BHI) became the environmental restoration contractor responsible for execution and integration of a full range of environmental restoration activities resulting in the transfer of 730 employees from the site maintenance and operating contractor to BHI. On October 1, 1996, the new Project Hanford Management Contract went into effect with Fluor Daniel Hanford (now Fluor Hanford, Inc.[FHI]) as the primary contractor, leading a team of subcontractors in operating the Hanford Site.

The FHI team placed an emphasis on outsourcing at Hanford. This was to be primarily accomplished through the conversion of a number of Hanford jobs to private sector jobs. Major subcontractors sponsored local corporate affiliates called Enterprise Companies (ENCOs). FHI then transferred 2,204 employees to 6 local corporate affiliate companies. The ENCOs were

initially given exclusivity for certain work scopes to fully establish business viability. But ENCOs were designed to be independent, self-supporting, stand-alone entities to pursue and perform non-Hanford work. After 4 years, exclusivity was terminated. ENCOs must compete for Hanford work, and they are no longer included in DOE's work force restructuring effort.

In December 1998, the DOE Office of River Protection (ORP) was established at Hanford to oversee the Hanford Site Tank Waste Remediation system, the Nation's largest and most complex environmental cleanup project resulting from nuclear weapons development. The CH2M Hill Group (CHG) is responsible for daily operations of safely maintaining 177 large storage tanks and design, construction, and operations of a vitrification plant for ORP. FHI administers benefits for CHG.

II.4.3.2 History of Work Force Restructuring

Restructuring of the Hanford contractor work force 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 involuntary.

The Hanford Site experienced actual reductions in FY 1997 of 769 principal contractor and enterprise company positions including a higher-than-expected rate of attrition. Forty-four percent of all reductions were accomplished through voluntary separations, with 56 percent as a result of involuntary reductions.

In FY 1998, there were 407 involuntary separations and no voluntary separations. Of those separating, 328 received separation benefits, including 99 construction workers. There were 79 involuntary separations without benefits.

Work force restructuring activities at Hanford continued in FY 1999 as work scope adjustments rather than layoffs. In FY 1999, there were 92 separations, including 32 positions reduced through net attrition and 60 involuntary separations. Of the involuntary separations, all but nine received benefits.

In FY 1999, FHI developed a Worker Transition Plan that identified actions to prepare workers to compete for new jobs at the site as well as commercial jobs in the community. These actions were planned to mitigate the need for involuntary layoffs. This plan called for a pilot group of employees, likely to be affected by work scope changes, that would be assessed for skills, abilities, and aptitudes. Several groups were identified and provided an opportunity to voluntarily be assessed. Only one group took advantage of the opportunity to be assessed by an organization partnering with FHI and Columbia Basin College. Initial results appeared promising, but the program was put on hold in FY 2000 due to budget constraints and stable

employment levels within Hanford. If a need develops to restructure the work force in the future, the program could be reactivated.

II.4.3.3 Current Work Force Restructuring

Work force restructuring activities during FY 2000 at the Hanford Site have continued to focus on work scope adjustments rather than layoffs. However, there continue to be low levels of involuntary separations. Overall there was a net gain in employment in FY 2000, however, there were 46 involuntary separations; 36 received benefits and 10 did not receive benefits (Exhibit II.6). In addition to the separations, 57 workers were internally placed without retraining and 7 were transferred to other sites. During FY 2000, Hanford provided benefits to separated workers including, medical, 61; outplacement services, 14; and educational assistance, 27.

A major contract change on October 1, 1999, required FHI to spin off nearly 1,200 of its employees to Lockheed Martin Hanford Company (now CHG) as a separate prime contractor to the newly-formed DOE ORP. The move was accomplished very quickly and with few problems. FHI continues to administer the benefits and payroll for these former Lockheed employees.

On June 29, 2000, ORP issued a notice to British Nuclear Fuels Limited (BNFL) terminating its privatization contract with BNFL and teaming partner Bechtel National, Inc., (BNI) for waste treatment and immobilization services at Hanford. ORP also issued a letter tasking its existing contractor, CHG, to perform certain portions of the work on an interim basis. This action was taken to allow continuation of the design effort while a contract for the design and construction of a waste treatment facility is completed. The termination notice provided for the transition of activities to take place over 60 days.

CHG was to offer employment and subcontract opportunities to the existing design team employees who wished to stay with the project. All of the BNFL and BNI employees were given transfer job offers to CHG, and the employees who accepted the offers were placed on CHG rolls by the first week in August 2000.

The degree of work force restructuring within the FHI contract during FY 2000 emphasized work force movement between the projects and functional organizations. Additionally, in FY 2000, FHI conducted a thorough review of their span of management during the restructuring efforts. The span was improved from an average of 1:6.5 to today's average of 1:11.1. FHI worked closely with another Hanford contractor, CHG, to assist in placing CHG personnel, identified as excess due to work scope changes and resultant skill mix issues, into FHI openings. A special "transfer" agreement was negotiated that would allow CHG employees, who posted and were selected for identified FHI positions, to move into FHI without impact to service or benefit status. As a result, FHI filled 21 openings with well-qualified candidates with Hanford

Office of Worker and Community Transition

Site: Hanford Site		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	46	\$10,031	\$530,063	\$540,094	\$11,741
2.1	With Benefits	36	\$10,031	\$530,063	\$540,094	\$15,003
2.1.1	Non-Construction Workers	35	\$10,031	\$517,882	\$527,913	\$15,083
2.1.2	Construction Workers	1	\$0	\$12,181	\$12,181	\$12,181
2.2	Without Benefits	10	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	46	\$10,031	\$530,063	\$540,094	\$11,741
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	57	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	7	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$57,916	\$234,519	\$292,435	
4.1	Displaced Worker Medical Benefits	61	\$0	\$217,413	\$217,413	\$3,564
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	14	\$0	\$17,106	\$17,106	\$1,222
4.4	Education Assistance for Separated Workers	27	\$57,916	\$0	\$57,916	\$2,145
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$67,947	\$764,582	\$832,529	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	46	n/a	n/a	n/a	\$14,500
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	36	n/a	n/a	n/a	\$18,528
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.6 Hanford Site Work Force Restructuring Summary

experience; CHG did not have to layoff 21 people; and the government and taxpayers avoided substantial recruiting and layoff costs.

Outsourcing. There were no positions reduced through outsourcing in FY 2000.

Rehires. There were over 60 employees rehired by Hanford contractors in FY 2000. Many of these were previously laid off and had preference-in-hiring status. FHI's practice of giving priority consideration to anyone previously laid off by one of the predecessor companies has helped in this effort.

Headcount. The Hanford Site headcount remained relatively stable with an increase of less than 300, while a number of contract changes that involved transfer of employees from one contractor to another were made in FY 2000 (see II.4.3.2). ENCOs created in the fall of 1996 to develop private, non-Hanford work, previously included in the site headcount, are no longer included in the count for FY 2000.

II.4.3.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at Hanford was \$832,529, with \$764,582 in program costs and \$67,947 in enhanced benefit costs (Exhibit II.6). The average estimated fully-burdened cost per involuntary separation was \$18,528. The average cost of displaced worker medical benefits, \$3,564; outplacement services, \$1,222; and education assistance, \$2,145. The average savings in salary and benefits for the 46 positions reduced are nearly \$3.6 million, for a one-time severance cost of \$540,094.

II.4.3.5 Outplacement

The 1995 Hanford Work Force 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 Company, Boeing Computer Services, ICF Kaiser, and Bechtel Hanford 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 work force restructuring on the community. A short time later, other Hanford contractors, the Washington Public Power Supply System, and United Way joined the Re-Employment Opportunity Center partners. During its first year, the Re-Employment Opportunity Center served nearly 2,000 employees who made more than 20,000 visits.

The Re-Employment Opportunity Center provided resources that helped 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 assisted clients in developing and implementing job search strategies; and access to the DOE-automated Jobs Opportunity Bulletin Board System.

Inclusion of United Way 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 employee's well being. The Re-Employment Opportunity Center served as a model for the Washington State One Stop concept and continued to provide an effective service in the face of cutbacks of Hanford contractor staff.

By mid-FY 1999, it was recognized that few employees would be laid off and the previously laid-off customer base had dwindled to almost nothing. Hanford supported staffing was reduced to one full-time equivalent. This arrangement worked well as a transition to Washington State's One Stop Program, which was planned to provide full service for individuals requiring service

from state and local agencies, including the Washington State Employment Security Department. By January 2000, the full-time equivalent Hanford staffing was discontinued. The outplacement center is now called WorkSource Columbia Basin and is maintained by the Washington State Employment Security Department.

Preference-in-Hiring. Each contractor at the Hanford Site has developed its own strategy for complying with preference-in-hiring requirements. In FY 2000, more than 25 workers were rehired at PNNL, CHG, and FHI who were preference-eligible. In addition, FHI has placed emphasis on candidates who were previously laid off at Hanford rather than just those who indicate preference-in-hiring. Of all prime contractors, only PNNL reported that any former employees still retained preference-eligibility. Three former employees were listed by PNNL as preference-eligible. No prime contractors reported that any preference-eligible individuals refused an offer for work.

In FY 2000, a Hanford multi-contractor task team developed a new draft procedure to assure preference-in-hiring at the Hanford Site. The procedure is consistent with the DOE “Planning Guidance for Contractor Work Force Restructuring,” issued December 1998 by the Office of Worker and Community Transition; the Hanford Site Work Force Restructuring Plan, dated February 6, 1995; and the Site Plan Addendum, dated November 22, 1996. The purpose of the procedure is to provide a consistent process for tracking and reporting section 3161 preference-in-hiring activity and to assure that preference-in-hiring is afforded to all eligible employees.

II.4.3.6 Community Transition

In May 1994, the economic development organizations surrounding the Hanford Site designated the Tri-City Industrial Development Council (TRIDEC) as the Hanford Community Reuse Organization (CRO). TRIDEC evaluates and recommends proposals leading to the creation and retention of high-value jobs, reviews and makes recommendations regarding prioritization of Hanford resources to be transferred to the community, and serves as a communication link between the site and other interests or organizations.

As of September 30, 2000, a total of almost \$24.3 million has been committed to the CRO, nearly \$19.8 million of which have been spent. A total of 1,664 jobs have been created or retained, with an additional 2,841 projected by FY 2003 (Exhibit II.7).

Exhibit II.7 provides a summary of all projects funded between FY 1994 and September 30, 2000.

Office of Worker and Community Transition

FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Agri-business Commercialization and Development Center (ABCD)	\$530,656	\$130,000	\$660,656	\$659,963	40	\$16,499	308
Entrepreneurial Support Network by Benton-Franklin Regional Council (ESN-BFRC) ¹	\$500,000	\$0	\$500,000	\$500,000	0	\$0	0
Entrepreneurial Support Network by Tri-Cities Enterprise Association (ESN-TEA)	\$1,487,500	\$0	\$1,487,500	\$1,487,500	325	\$4,577	560
Entrepreneurial Support Network by Washington State University at Tri-Cities (ESN-WSU)	\$1,350,000	\$0	\$1,350,000	\$1,161,917	240	\$4,841	340
Hanford Regional Planning - Benton Co. (HRPC) [*]	\$109,000	\$0	\$109,000	\$109,000	0	\$0	0
PNNL, Entrepreneurial Leave of Absence Program (Ent.LOA)	\$600,000	\$0	\$600,000	\$600,000	100	\$6,000	50
PNNL, Local Technical Assistance Program (TAP) ²	\$900,000	\$132,000	\$1,032,000	\$852,000	19	\$44,842	60
PNNL, Technology Partnerships ³	\$0	\$150,000	\$150,000	\$126,000	0	\$0	0
Medical Isotopes Program ⁴	\$332,000	\$0	\$332,000	\$129,868	0	\$0	127
Southeastern Washington Development Association (SWDA) Equity Capital Fund ⁵	\$1,425,000	\$0	\$1,425,000	\$1,425,000	23	\$61,957	10
Sparhawk Work Force Enterprise Program ⁶	\$50,000	\$0	\$50,000	\$50,000	0	\$0	0
Tri-Cities Commercialization Partnership (TCCP) Expanded Technology Commercialization Base Program	\$410,019	\$0	\$410,019	\$410,019	16	\$25,626	80
Tri-Cities Science & Tech Park Master Plan (TCSTP) [*]	\$50,000	\$0	\$50,000	\$50,000	0	\$0	0
TRIDEC Administration [*]	\$1,322,938	\$0	\$1,322,938	\$1,071,840	0	\$0	0
TRIDEC, Advanced Process Engineering Laboratory (APEL) ⁷	\$3,521,000	\$0	\$3,521,000	\$3,519,900	14	\$251,421	270
TRIDEC, Commercial Aquaculture Program ⁸	\$316,000	\$0	\$316,000	\$127,362	2	\$63,681	40
TRIDEC, Hanford Technology Deployment Center ⁹	\$118,192	\$0	\$118,192	\$118,192	0	\$0	265
TRIDEC, Marketing	\$1,150,000	\$0	\$1,150,000	\$826,368	598	\$1,382	1,000
TRIDEC, Tourism Marketing and Development	\$936,500	\$0	\$936,500	\$872,747	225	\$3,879	300
WHC Economic Transition Program ¹⁰	\$0	\$2,632,760	\$2,632,760	\$2,632,760	46	\$57,234	670
Worker & Community Impacts (W&CIS, SWOT) - City of Richland [*]	\$146,152	\$0	\$146,152	\$146,152	0	\$0	0
Work Force Enterprise Program ¹¹	\$263,000	\$0	\$263,000	\$263,000	0	\$0	0
TRIDEC Incentive Fund ¹²	\$2,000,000	\$0	\$2,000,000	\$300,000	0	\$0	0
Food Irradiation ¹³	\$100,000	\$0	\$100,000	\$46,052	0	\$0	10
CBC Worker Training Program ¹⁴	\$650,000	\$0	\$650,000	\$435,134	0	\$0	0
Hanford Reindustrialization ¹⁵	\$1,150,000	\$0	\$1,150,000	\$216,500	0	\$0	100
Port of Benton Infrastructure	\$200,000	\$0	\$200,000	\$200,000	0	\$0	100
City of Pasco Wastewater ¹⁶	\$1,000,000	\$0	\$1,000,000	\$1,000,000	0	\$0	200
Port of Benton Rail Study ¹⁷	\$60,000	\$0	\$60,000	\$60,000	0	\$0	0
Minority Program Development	\$521,025	\$0	\$521,025	\$349,359	16	\$21,835	15
Economic Development ¹⁸	\$20,000	\$0	\$20,000	\$20,000	0	\$0	0
Prosser EDA Spec Bldg.	\$21,000	\$0	\$21,000	\$21,000	0	\$0	0
Totals	\$21,239,982	\$3,044,760	\$24,284,742	\$19,787,633	1,664	\$11,892	4,505

^{*} Funds used for planning or administrative purposes. Job creation not intended.
 Note: See Appendix G for footnotes.

Exhibit II.7 Hanford Site Community Transition Funding and Job Creation by Project

The following is an update on the major accomplishments of selected projects funded by the CRO:

- ***TRIDEC Marketing Program.*** The project continued its targeted proactive recruitment campaign over the past 12 months. In the targeted areas, the CRO is assisting 30 companies with their siting decisions, including the hosting of more than 30 community site visits. Additionally, the CRO has supplied relocation information and assistance to clients working with surrounding cities, ports, counties, and private businesses. Companies that have relocated or expanded their operations in the Tri-Cities have created 598 jobs.
- ***Pacific Northwest National Laboratory Technical Assistance Program.*** Funding has been allocated for technical assistance in product development to 225 firms. This project has created 19 jobs to date.
- ***Tri-Cities Visitor and Convention Bureau Tourism Marketing and Development.*** This program has generated an estimated \$12.6 million and sustained or created 225 jobs through new visitor spending. The program activities of proven economic impact are in three target areas: motorcoach marketing, sports marketing, and media outreach.
- ***Applied Process Engineering Laboratory.*** The preliminary design, audit, and engineering report has been completed. The Laboratory is in the final stages of being fully permitted. Ten tenants with a total of 85 employees now occupy the facility. To date, 14 full-time jobs have been created as a result of this project.
- ***Medical Isotopes.*** The Nuclear Medicine Research Council has submitted to TRIDEC a proposal for establishing the infrastructure necessary to support clinical trials in the Tri-Cities. This proposal is an outcome of a strategic plan completed via the use of section 3161 dollars in FY 1999. TRIDEC is in the process of reviewing the proposal and will give direction as to the preferred course of action in the near future.
- ***Reindustrialization.*** The reindustrialization pilot program at the Hanford Site was initiated in the early spring of 1999. Although to date no job creation has been realized, there has been significant progress toward an understanding of reindustrialization and what is required at Hanford for it to work. TRIDEC has formed the Tri-Cities Asset Reinvestment Company (TARC), a limited liability company, to serve as the sole agent for DOE and the contractors in the local disposition of excess site equipment. This program has received a total of

\$1.5 million to date. Of that sum, \$150,000 was for the establishment of TARC Business Systems, encompassing the development of accounting systems, the conduct of client interfaces and negotiations, and lease and sublease preparation. Another \$1.0 million is available for assets preparation; upgrades of previously transferred property, such as the equipment transferred to Durmetal and Bell Haven; and a \$116,500 loan to the Port of Benton to upgrade facilities transferred to it by DOE's Richland Operations Office (RL) in 1998.

During FY 2000, DOE-RL canceled the Building 314 Pilot Project, the project for which DOE Headquarters had provided \$500,000 (\$150,000 for TARC and \$350,000 for RL reindustrialization activities). The reason for the cancellation was the determination, based on radiological surveys funded with project funds, that the building was too contaminated to make it economically viable to decontaminate and subsequently use for economic transition. Of the original \$350,000 given to the local site office, about \$183,371 remained available at the beginning of FY 2000.

Efforts late in FY 1999 and in early FY 2000 to identify a facility to replace Building 314 were not successful. Accordingly, late in FY 2000, the decision was made by RL and approved by DOE Headquarters to use the funds remaining from the canceled Building 314 Pilot Project to help in transferring site assets to TARC for use in the Reindustrialization/Asset Transition Program. Under this program, excess site equipment is made available to TARC for marketing/asset transfer to benefit local economic transition activities. In consequence of this decision, \$82,938 was transferred to Bechtel Hanford, Inc., to perform safety and radiological reviews/surveys necessary to transfer two water wagon trucks, a track-mounted loader, a rubber-tired loader, and a front-end loader/rear-mounted box scraper to TARC for subsequent resale. An additional \$95,716 that remains available is to be used to support the TARC work required to ready assets for transfer.

On June 29, 2000, ORP issued a notice to BNFL terminating its privatization contract with BNFL and its teaming partner BNI, and also issued a letter tasking CHG to take over the work on an interim basis until a new contract could be awarded in January 2001. By July 31, 2000, CHG made offers to 406 BNFL and BNI employees. CHG also kept the subcontractors (which included approximately 240 subcontractor employees) to BNFL under contract during the transition period. Numerous issues with staffing (both regular and contract personnel), changes in benefits, continuity of service issues, temporary living contracts, as well as keeping track of all job offers and the status of all transfers, were handled for over 700 people in just 3 weeks. Extensive orientation processes were designed to ensure a smooth transition for the 189 employees (and subcontractors) who chose to join CHG on a permanent or interim basis. Two all-day orientation sessions were held for employees on July 24 and July 31, 2000. Feedback from the employees was extremely positive regarding the way CHG handled the transfers.

Each employee from the BNFL/BNI team had individual issues regarding continuity of service, job classifications, family issues, benefit issues, citizenship concerns, etc. Efforts were made to address these issues prior to joining CHG.

II.4.3.7 Future of the Site

Future work force restructuring cannot be determined at this time. 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, Spent Nuclear Fuels, and Nuclear Materials Stabilization. These activities will require skill mix adjustments, regardless of whether the overall work force declines.

It is unlikely that significant layoffs will be required at Hanford during FY 2001. A few layoffs may be required as the work force is adjusted to move as many resources as possible directly into the projects. Additionally, more emphasis will be placed on training and retraining existing staff so they are qualified to perform new jobs. Larger spans of control (supervisory ratio/span of management) and reduced management layers continue to be a focus for the coming year within FHI. Skill adjustments may occur as a result of this activity as well.

Work force restructuring at PNNL continues to decline. PNNL projects a maximum of 15 involuntary separations during FY 2001. No involuntary separations are anticipated by BHI for FY 2001 assuming project funding and approval to effect carryover from FY 2000. If funding is not approved, potential layoffs may be in the range of 25 to 30 people.

Future work force restructuring will be determined by the makeup of the scope of the new vitrification contract and the new project contractor's human resources needs when a company is identified in 2001. There will be significant movement in the Tank Waste Treatment Interim Design Project as that group was set up to move to the new contractor for the vitrification project from the old BNFL/BNI contract. If, for some reason, the new contractor does not need all interim employees, opportunities to remain within CHG will be explored and all possible avenues for retraining will be considered. Layoffs will occur only if there are no job opportunities at CHG or other Hanford contractors.

II.4.3.8 Accomplishments and Lessons Learned

Accomplishments and lessons learned include:

- More attention should be given to the tax implications of educational assistance.

Office of Worker and Community Transition

- Partnering with the community has been productive. 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 state, educational, and local agencies during the development of the work force 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.
- Another CHG accomplishment was a skill mix exercise conducted in February and March 2000. It identified the skills of 38 employees no longer needed for the work performed by CHG. Of those, 19 employees were transferred to FHI and 1 was transferred to Lockheed Martin Services, Inc., retaining skilled employees onsite.

II.4.4 Idaho National Engineering and Environmental Laboratory

II.4.4.1 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 INEEL provides nationally to the Department of Energy's (DOE) Environmental Management (EM) program.

The current mission of INEEL is to:

- Deliver science-based, engineered solutions to the challenges of DOE's mission areas, other Federal Agencies, and industrial clients.
- Complete environmental cleanup responsibly, using innovative science and engineering capabilities.
- Provide leadership and support to optimize the value of EM investments and strategic partnerships throughout the DOE complex.
- Enhance scientific and technical talent, facilities, and equipment to best serve national and regional interests.

The prime contractor changed at INEEL on October 1, 1999, to Bechtel BWXT Idaho, LLC (BBWI).

II.4.4.2 History of Work Force Restructuring

INEEL experienced five work force restructuring efforts from FY 1993 through FY 1996. The security force had two separation programs, voluntary and involuntary, during FY 1993 and FY 1994. In addition, the prime contractor had one early retirement incentive package and two voluntary separation packages during FY 1995 and FY 1996. Total separations from FY 1993 through FY 1996 were 1,945, and only 20 of these were involuntary.

Because of efforts by DOE's Idaho Operations Office (ID) and the contractors at INEEL to transfer people internally, potential reductions in FY 1997 were averted. There were, however, 125 separations through net attrition in FY 1998 and three involuntary separations with benefits in FY 1999.

II.4.4.3 Current Work Force Restructuring

As a result of the Congressional mandate to limit the number of contractor employees in Washington, D.C., there was a concentrated effort to place employees at risk into other positions throughout the site. There were 12 involuntary separations in FY 2000 at INEEL; these employees were given severance benefits in accordance with provisions in the management and operating contract (Exhibit II.8). Five of the 12 were terminated because of indirect budget issues. Seven employees were contractor employees on assignments in the Washington, D.C., area. In accordance with directions from the Deputy Secretary of Energy and the Assistant Secretary for Environmental Management, these individuals were terminated. These involuntary separations were considered outside the ambit of section 3161. Severance pay was given to those individuals who met the criteria contained in Idaho's management and operating contract. During FY 2000, the prime contractor avoided a layoff of approximately 74 employees by reassigning them internally within the company without retraining. All of INEEL's work force

Site: Idaho National Engineering and Environmental Laboratory		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	12	\$0	\$67,000	\$67,000	\$5,583
2.1	With Benefits	12	\$0	\$67,000	\$67,000	\$5,583
2.1.1	Non-Construction Workers	12	\$0	\$67,000	\$67,000	\$5,583
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	12	\$0	\$67,000	\$67,000	\$5,583
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	74	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$54,000	\$54,000	
4.1	Displaced Worker Medical Benefits	27	\$0	\$600	\$600	\$22
4.2	Relocation Assistance	2	\$0	\$2,400	\$2,400	\$1,200
4.3	Separating or Separated Workers Using Outplacement	33	\$0	\$28,000	\$28,000	\$848
4.4	Education Assistance for Separated Workers	29	\$0	\$23,000	\$23,000	\$793
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$121,000	\$121,000	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	12	n/a	n/a	n/a	\$9,108
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	12	n/a	n/a	n/a	\$9,108
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.8 Idaho National Engineering and Environmental Laboratory Work Force Restructuring Summary

restructuring obligations were complete as of October 2000. The Outplacement Center closed on September 30, 2000. The processing of open requisitions and qualifying of preference-in-hiring employees through the Jobs Opportunity Bulletin Board System (JOBBS) will continue indefinitely or until instructions to the contrary are received from DOE.

Outsourcing. The Department issued the Spent Nuclear Fuel Project contract in FY 2000; however, it is not anticipated that this will result in any displacement of contractor personnel.

Rehires. The restriction for rehires for those who took the 1995 and 1996 voluntary separation package has been lifted. In FY 2000, 70 employees were rehired.

II.4.4.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at INEEL was \$121,000, all of which were program costs (Exhibit II.8). The average estimated cost per involuntary separation was \$5,583. The average cost of benefits per worker for FY 2000 included \$1,200 for relocation assistance, \$848 for outplacement assistance, \$793 for education, and \$22 for medical coverage. The average savings in salary and benefits for the 12 positions reduced are \$928,860, for a one-time severance cost of \$67,000.

II.4.4.5 Outplacement

The Outplacement Center was established in April 1995 with a defined mission to provide a wide array of job search 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. At that time, 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 part-time. The Center, no longer funded or needed, was closed on September 30, 2000.

Preference-in-Hiring. The goal of the Outplacement Center was to place as many individuals eligible for preference-in-hiring as possible. To that end, systems and procedures were put in place to facilitate contact with the individuals, track and monitor progress, and place the individuals as positions became available.

The number of people now eligible for preference-in-hiring is 11 (4 from previous layoffs and 7 from FY 2000). This number continues to decline from approximately 100 in FY 1994. Over 75 displaced workers with preference-in-hiring eligibility have been placed at INEEL within the last 6 years, and approximately 17 individuals have been placed at other DOE sites.

Office of Worker and Community Transition

From October 1, 1999 to September 30, 2000, 19 local individuals with section 3161-preference eligibility were offered and accepted regular, full-time employment with contractors operating at INEEL. Several others have not elected to renew their section 3161 preference-in-hiring status as required. There are only 11 local candidates with section 3161-preference eligibility who have not yet been re-employed by a DOE contractor. Additionally, a site-specific, preference-in-hiring procedure was drafted and disseminated.

II.4.4.6 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. The Council acts as the fiduciary agent for all CRO activities through its nonprofit 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.

The Regional Development Alliance, Inc., (RDA), a nonprofit corporation dedicated to quality job creation in Bannock, Bingham, Bonneville, Butte, Custer, Jefferson, and Madison counties, was selected by the State of Idaho to receive and administer funds provided to the state through a federal court-mandated settlement agreement on the disposition of spent nuclear fuel between the state and DOE. This agreement calls for the Department to provide \$30.0 million to be disbursed to the state over 5 years. It also allows 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.

As of September 30, 2000, a total of nearly \$5.9 million has been committed to the CRO and \$24.0 million to the State of Idaho for economic diversification, for a total commitment of almost \$29.9 million. To date, nearly \$19.2 million have been spent. A total of 4,428 jobs have been created or retained, with an additional 3,726 jobs projected by the year 2003 (Exhibit II.9).

Exhibit II.9 provides a summary of all projects funded between FY 1995 and September 30, 2000.

FY 1995 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Eastern Idaho Community Reuse Organization	\$5,875,000	\$0	\$5,875,000	\$5,554,792	2,488	\$2,233	3,238
State Economic Development	\$24,000,000	\$0	\$24,000,000	\$13,604,174	1,940	\$7,012	4,916
Totals	\$29,875,000	\$0	\$29,875,000	\$19,158,966	4,428	\$4,327	8,154

Exhibit II.9 Idaho National Engineering and Environmental Laboratory Community Transition Funding and Job Creation by Project

The following is an update on the major accomplishments of activities funded by the State of Idaho:

- The State of Idaho has received \$24.0 million to date from DOE under the September 23, 1996, settlement agreement. During FY 2000, the state disbursed \$4 million to RDA. RDA must use these funds to create jobs and diversify the economy of southeastern Idaho by providing financial assistance for business expansion, new business creation, relocation for out-of-state businesses, and development of infrastructure necessary to support business (e.g., sewer and utility access). Consistent with the intent of that agreement, RDA has set goals for job creation, pay scale and company startup, expansion, and relocation. RDA projects the creation of over 2,600 jobs throughout the geographic area covered by the agreement over the life of the current committed projects.
- During FY 2000, the state disbursed \$108,000 to Boise State University to provide a third year of funding to conduct entrepreneurial training courses, and accompanying consulting services, through its Small Business Development Center.
- Projects funded during prior fiscal years to Idaho State University and a cooperative effort between the University of Idaho and Eastern Idaho Technical College are helping to diversify eastern Idaho's economy through the commercialization of research and development projects, technology transfer, and training programs.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- Center Partners, a customer service telecommunications center that has clients such as Qwest and Xerox, has created 182 new jobs. Plans are underway to open a second center that will bring total employment to 500.
- CollabWare, a software development company, has created three new jobs that offer salaries in the range that makes them comparable to jobs lost at INEEL.
- Qwest (formerly U.S. West) has added 10 new positions.
- Teton Outfitters, an outdoor clothing manufacturer, has created eight new jobs; three of which pay over \$10 per hour. They have purchased new manufacturing equipment and expanded their sales area. It is expected that this will result in the creation of 50 additional jobs.

- The Eastern Idaho Economic Development Council is coordinating with other regional economic development partners to market eastern Idaho to the recreational equipment and sporting goods manufacturing industry and the information technology industry. An initiative to create a Technology-Based Economic Development Program that would establish eastern Idaho as a technology corridor began with a retreat involving leaders from eastern Idaho. A nationally-renowned expert, Vernon George of Hammer, Siler & George, Inc., facilitated discussions and presented research identifying specific target industry sectors.

II.4.4.7 Future of the Site

For more than 50 years, INEEL has made significant contributions to the Nation's most pressing environmental, energy, and nuclear technology challenges. In the years ahead, the Laboratory plans to carry on this tradition by steadily improving the quality and effectiveness of its operations. INEEL will remain a DOE research and development (R&D) multi-program national laboratory with a significant operational mission. In the coming years, INEEL's primary customer will remain DOE's EM. As EM's designated lead laboratory, INEEL will focus on meeting its environmental cleanup milestones within the constraints of a flat EM budget and developing science and technology to fulfill INEEL and EM mission needs. In partnership with the Argonne National Laboratory, INEEL will also pursue its role as DOE's lead laboratory for nuclear energy R&D. INEEL will continue its R&D efforts in support of DOE's energy resource, science, and national security mission areas. When appropriate, INEEL will continue to leverage its competencies and capabilities to assist non-DOE customers as well.

Over the next several years, INEEL funding profile is expected to shift somewhat from the current situation where roughly two-thirds of the work is directly related to environmental cleanup operations, and one-third is R&D to a multi-program laboratory where most of the funding is directed to R&D. INEEL currently focuses its R&D on environmental issues and will continue to do so in the future. Environmental R&D efforts will focus on DOE's subsurface science and long-term stewardship needs. Significant R&D effort will also be directed toward nuclear energy R&D as INEEL fulfills its role as a DOE nuclear energy lead laboratory. The future of INEEL among national laboratories is predicated upon its ability to serve as both a demonstration site for engineered solutions to environmental cleanup and long-term stewardship problems, and as a source of science-based applied technologies to address a wide-range of DOE mission needs. Its legacy as both a nuclear reactor R&D site and an applied engineering laboratory is consistent with this future. To support the site's current and future missions, the prime contractor expects to initiate a work force reduction in FY 2001 to reflect skill mix needs and technical requirements. Total reductions over an 18-month period are estimated to be approximately 1,200.

Since its inception in 1949, INEEL has helped DOE and other Federal Agencies find solutions to significant national problems. It is well prepared to carry on this tradition, fulfilling responsibilities to customers, employees, stakeholders, and the public. In addition, it will steadily improve the quality and effectiveness of its operations.

II.4.4.8 Accomplishments and Lessons Learned

Lessons learned from the Outplacement Center:

- To accurately monitor preference-in-hiring status at INEEL and track displaced workers, BBWI will continue to mail a yearly reminder, via registered mail, requesting that a signed preference-in-hiring form be returned to the company along with an updated resume. Resumes will then be entered into JOBBBS and into an in-house reference database tracking system. This will continue until there are no more qualified preference-in-hiring candidates.
- Internal and external audits of the Outplacement Center activities and services have been positive. Two assessments of operations have been conducted relative to the INEEL Outplacement Center. The assessments found the INEEL Outplacement Center with 100 percent compliance with the Work Force Restructuring Plan and all section 3161 requirements. Education reimbursements, job vacancy postings to the DOE JOBBBS, and consideration and disposition of job candidates with section 3161 preference have been accurately documented.
- The INEEL Outplacement Center provided services through September 30, 2000. Operations were put in place to facilitate the process of scaling back activities. Communications between BBWI and DOE-ID counterparts were ongoing, and mutual agreement was reached prior to implementation of each segment of the scale-back schedule. The Center operated significantly under budget. Agreement was reached with DOE-ID relative to the period for retention of Center records, and that period was stipulated in the Record Storage Plan. A formal Records Management Plan and Schedule was developed. Transition of the job posting to DOE JOBBBS was completed and responsibility for disposition of the section 3161 preference-eligible candidates has been restored to the staffing organization.

II.4.5 Kansas City Plant

II.4.5.1 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. Honeywell, 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 is KCP's production or procurement responsibility. Through the years, KCP's role within the nuclear weapons complex required a large productive capacity and extremely diverse technical capabilities. This set of capabilities and capacities was increased incrementally in response to changing Department of Energy (DOE) program needs.

With the end of the Cold War, the emphasis of the U.S. nuclear weapons program has shifted dramatically from the development and production of new weapons to the 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 has shut down some of its former weapons facilities, transferred many of the production missions to the Kansas City Plant, and begun moving other selected production operations to the national laboratories.

Studies conducted in support of the Stockpile Stewardship and Management Programmatic Environmental Impact Statement helped to determine a preferred alternative for the continued manufacturing of non-nuclear components for nuclear weapons. These studies resulted in the selection of a downsized KCP as the preferred site because it was more cost-effective than other alternatives, presented lower programmatic risk to weapons production schedules, and product technologies and facilities were in place to complete the mission.

II.4.5.2 History of Work Force Restructuring

In April 1993, DOE first announced the need to restructure the work force at Honeywell FM&T, given changes in the defense mission and subsequent budgetary reductions. From FY 1993 through FY 1999, KCP has separated 1,778 workers, over 75 percent voluntarily. The majority of separations occurred in FY 1993 and FY 1994, when 1,003 workers left the site. In FY 1995 and FY 1996, a total of 202 employees separated from KCP through attrition, and thus at no cost to DOE.

In June 1997, DOE 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 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 330 associates indicating that they had been approved for the voluntary reduction-in-force. There were no work force restructuring funds expended in FY 1997. However, contractor management allowed some employees who were accepted for the FY 1998 voluntary reduction-in-force to leave in late FY 1997. Concentrated planning began in September 1997 for an involuntary reduction-in-force and was completed in early FY 1998. The final work force restructuring plan was forwarded to the U.S. Congress in October 1998.

In FY 1998, a total of 423 positions were reduced through a combination of non-retirement voluntary separations, involuntary separations, and net attrition. While a small number of mission-necessary positions have been filled through limited outside hiring, the overall population trend at Honeywell FM&T continued downward to 3,256 (including Kirtland Operations in Albuquerque) as of the end of September 1998, the lowest level of employment in KCP's 50-year history.

In August 1999, DOE formally announced a work force reduction of 50 to 70 associates at Honeywell FM&T, to take place by October 1, 1999. In FY 1999, there were 150 positions reduced; 57 were reduced involuntarily, and an additional 93 positions were reduced through net attrition.

II.4.5.3 Current Work Force Restructuring

In December 1999, the Department announced a reduction of employees at Honeywell FM&T. Subsequently, in January 2000, the contractor reduced 127 total employees, including 30 non-retirement voluntary separations, 19 involuntary separations, and 78 through net attrition (Exhibit II.10). There were no early retirements in FY 2000.

Outsourcing. Over the years, Honeywell FM&T has procured and fabricated parts in a make/buy ratio of roughly 50:50 and has been moving toward 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 DOE Area and Operations Offices. Plans for the coming years call for appointing an outsourcing manager to oversee privatization opportunities that are consistent with Stockpile Management Restructuring Initiative implementation.

Rehires. Honeywell FM&T policy is to not rehire any employee who has taken a separation package through one of the existing voluntary reduction packages unless there is a critical business need. Consideration to rehire employees who were affected by an involuntary reduction-in-force is consistent with good business practices and, where applicable, the

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Site: Kansas City Plant		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	108	\$0	\$829,278	\$829,278	\$7,679
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	30	\$0	\$829,278	\$829,278	\$27,643
1.3	Net Positions Reduced Through Attrition	78	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	19	\$0	\$56,906	\$56,906	\$2,995
2.1	With Benefits	19	\$0	\$56,906	\$56,906	\$2,995
2.1.1	Non-Construction Workers	19	\$0	\$56,906	\$56,906	\$2,995
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	127	\$0	\$886,184	\$886,184	\$6,978
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$44,022	\$44,022	
4.1	Displaced Worker Medical Benefits	49	\$0	\$40,122	\$40,122	\$819
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	49	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	2	\$0	\$3,900	\$3,900	\$1,950
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$930,206	\$930,206	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	127	n/a	n/a	n/a	\$8,338
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	30	n/a	n/a	n/a	\$31,168
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	19	n/a	n/a	n/a	\$6,520
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.10 Kansas City Plant Work Force Restructuring Summary

provisions of any collective-bargaining agreements. In accordance with the existing collective-bargaining agreement, 21 hourly employees were recalled in FY 2000 to fill positions vacated through normal attrition.

II.4.5.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at Kansas City was \$930,206, all of which were program costs (Exhibit II.10). The average estimated fully-burdened cost per non-retirement voluntary separation was \$31,168; the average estimated fully-burdened cost per involuntary separation was \$6,520. Displaced worker medical benefits averaged \$819; education assistance for separated workers averaged \$1,950. The average savings in salary and benefits for the 127 positions reduced were slightly more than \$9.8 million, for a one-time severance cost of \$886,184.

II.4.5.5 Outplacement

Employees who left Honeywell FM&T as a result of the involuntary reduction-in-force were offered outplacement assistance through StarAccess, an outplacement firm. StarAccess provided a variety of outplacement services including a 2-day job search skills workshop; assistance with resume preparation; individual career counseling; and telephone, Internet, and computer access.

Preference-in-Hiring. No preference-in-hiring has been exercised by applicants at Honeywell FM&T in FY 2000. However, Honeywell FM&T did recall 21 employees consistent with the terms of the collective-bargaining agreement with the International Association of Machinists and Aerospace Workers. Employees affected by voluntary and involuntary reductions were offered outplacement services, separation pay, and educational assistance. There are no separated employees currently eligible for preference-in-hiring considerations.

II.4.5.6 Future of the Site

KCP will gradually be reduced in physical size and number of workers. The current strategy for KCP covers the period from September 30, 1997, to FY 2006 and includes five major objectives:

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

With supplemental funding from the Department, the contractor has initiated an aggressive hiring program to replace critical-skill employees who have left and those critical-skill employees who are forecast to leave over the next 5 years. This will ensure the adequate transfer of knowledge and preservation of that knowledge within the nuclear weapons complex.

II.4.5.7 Accomplishments and Lessons Learned

StarAccess provided excellent outplacement services for affected associates, thereby allowing for easier transition of people into retirement and other jobs.

The FY 1999 reduction-in-force was strictly involuntary in order to provide opportunities to target areas where reductions could take place, thus minimizing workload and business impact where possible. The time between the announcement of an involuntary reduction-in-force and delivery of the final separation notifications to associates was approximately 4 weeks—a significant reduction in the reduction-in-force process cycle time.

II.4.6 Lawrence Livermore National Laboratory

II.4.6.1 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. Established in 1952, LLNL 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 facilities of LLNL are at three sites: the Livermore, California site (the main location); Site 300 at Tracy, California; and the Nevada Test Site.

II.4.6.2 History of Work Force Restructuring

Shifting national priorities impacting scientific and technical requirements and factors affecting Laboratory operations resulted in changes to LLNL's job skills mix required to meet FY 1996 needs. 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 were those whose skills would be needed in the future, but at a reduced level, and whose functions were to be phased out. A second group of employees eligible for the VSIP were those whose separation, though not required, would provide opportunities for consolidation and reductions. The number of individuals from this group allowed to participate in the VSIP was limited, and was based on the need to meet mission objectives. The final group of employees was not eligible for the VSIP; they were the employees having skills critical to the ongoing mission of the Laboratory and replaceable only through external hire. VSIP features included separation payment incentives, continuation of medical benefits, education assistance, payment of relocation costs, and career assistance.

In FY 1996, 878 employees voluntarily separated from LLNL employment. There were 272 separations through VSIP participation and 606 through attrition. In FY 1997, 285 positions were reduced. Of the 285 reductions, 230 were through participation in the VSIP and 55 through normal attrition.

The Laboratory's Work Force Restructuring Plan was approved in FY 1998. As part of the normal business process, there were 23 involuntary separations without benefits in FY 1998. New hires exceeded gross attrition; therefore, there were no net positions reduced through attrition in FY 1998.

In April 1998, the Laboratory implemented a new staffing category, Flexible Term. Flexible Term employees are hired into this category for up to 6 years and enjoy the same benefits, including retirement benefit system membership, as career indefinite employees; they serve, however, in an "at-will" capacity. These employees provide flexibility in adjusting to funding fluctuations.

In June 1999, the United States Enrichment Corporation announced that it was discontinuing work on the Atomic Vapor Laser Isotope Separation Program, which supported 344 LLNL employees. The closing of this project resulted in placement needs for 210 employees. Of this number, 2.5 percent left the Laboratory, and 84 percent joined other Laboratory programs. The Laboratory did not implement a reduction-in-force action for the remaining 13.5 percent (about 50 employees) since normal attrition was expected to free up positions for these people. LLNL ramped down recruiting from FY 1998–FY 1999 levels to assist this population in filling available positions. The target hiring number for technical personnel in FY 2000 was 100, down from targets of 380 (career plus term) in both FY 1998 and FY 1999.

There was no work force restructuring at LLNL in FY 1999. There were four involuntary separations, for cause, without benefits. As new hires exceeded gross attrition, there were no net position reductions through attrition in FY 1999.

II.4.6.3 Current Work Force Restructuring

There were a total of 17 separations in FY 2000 at LLNL (Exhibit II.11). All of these were involuntary separations without benefits and not involuntary reductions-in-force.

Outsourcing. There were no outsourcing activities necessitating personnel reductions at LLNL in FY 2000.

Rehires. There were no new rehires in FY 2000.

II.4.6.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at LLNL was \$70,203, all of which funded educational assistance for separated workers (Exhibit II.11). The average cost for educational assistance was \$1,712 per separated worker. No costs were incurred for medical benefits, outplacement, or relocation assistance. The average savings in salary and benefits for the 17 positions reduced are slightly over \$1.3 million, with no severance cost.

Site: Lawrence Livermore National Laboratory		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	17	\$0	\$0	\$0	\$0
2.1	With Benefits	0	\$0	\$0	\$0	\$0
2.1.1	Non-Construction Workers	0	\$0	\$0	\$0	\$0
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	17	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	17	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$70,203	\$0	\$70,203	
4.1	Displaced Worker Medical Benefits	0	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	41	\$70,203	\$0	\$70,203	\$1,712
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$70,203	\$0	\$70,203	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	17	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	364	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	346	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	18	\$0	\$0	\$0	\$0

Exhibit II.11 Lawrence Livermore National Laboratory Work Force Restructuring Summary

II.4.6.5 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 University, and other DOE Laboratories; and employment trends. Also provided are business directories and publications, a lending library with books, audiotapes,

and videotapes concerning job search, career 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. They also have one-on-one access to career counselors who help them conduct and review a self-assessment, discuss with them different career options, review and critique their resumes and evaluate their 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. LLNL has no one internal to the Laboratory who is eligible for preference-in-hiring, nor is there a record of anyone external to the Laboratory who may have been eligible for such a preference and rejecting an offer.

II.4.6.6 Future of the Site

The Laboratory continues to focus its efforts on two of the Nation's top priorities: stockpile stewardship and stemming of 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.

Bi-annual work force reviews encompassing career, term, and supplemental positions are conducted to ensure that hiring plans are consistent with programmatic needs and budgetary constraints. Work force issues were discussed by Laboratory senior management in October 1998, February 1999, and February 2000. It was determined that work force restructuring was not required in FY 1999 or FY 2000. Currently, review of work force needs is an ongoing process conducted by the Deputy Director of Operations.

II.4.6.7 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 VSIP, have been successful in achieving the job skills mix required 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 VSIP application period provided an opportunity for employees to make decisions and for management to make ongoing skills needs assessments. However, the length of an extended application period should be weighed against administrative requirements.
- Closing the VSIP at the end of the calendar year presented tax-related participation issues for employees, which 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:
 - Review and approval of all postings (indefinite career, term career, and supplemental labor) by the Office of the Laboratory Director was implemented in August 1996 to ensure that Laboratory-wide work force actions are consistent with VSIP requirements.
 - The Laboratory Brokers Team continues to review Laboratory position postings as needed to determine whether current employees could fill such positions.
 - The Employment and Benefits Services Division continues to use Resumix as a tool in assessing employee skills, knowledge, and abilities with a view to enhancing reassignment and retraining assessments.

II.4.7 Los Alamos National Laboratory

II.4.7.1 Background

The Los Alamos National Laboratory (LANL), one of 28 Department of Energy (DOE) laboratories, 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. 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, geo-science, and other disciplines. Scientists 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.

LANL's mission, aligned with DOE's mission and the needs of the Nation, is to enhance global security by using science and engineering to ensure the safety, reliability, and performance of the Nation's nuclear weapons stockpile and by helping reduce threats to U.S. security, with a focus on weapons of mass destruction. The current mission includes cleaning up the legacy of the Cold War and providing technical solutions to energy, environment, infrastructure, health, and security problems.

II.4.7.2 History of Work Force Restructuring

Work force restructuring in fiscal years (FY) 1995 and 1996 was driven by an effort to adjust the skill mix of the work force to place greater emphasis on scientific and technical positions and in anticipation of program budget reductions. Subsequently, the Laboratory secured additional work and associated funds, resulting in an overall employment increase to approximately the level that existed prior to these restructuring efforts.

A total of 516 employees were separated from LANL in FY 1995; 452 leaving voluntarily and 64 involuntarily. In FY 1996, 374 workers were separated; 181 voluntary and 193 involuntary. Total separations through FY 1996 were 890—71 percent of which were voluntary.

There were no formal work force restructuring activities in FY 1997, FY 1998, FY 1999, or FY 2000.

II.4.7.3 Current Work Force Restructuring

There was no formal work force restructuring activity at LANL in FY 2000. A hiring moratorium was instituted in November 1999 for all external hires, including full-time and part-

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time regular positions, limited-term appointments, and conversions to regular employment. However, former employees eligible for preference-in-hiring under section 3161 were exempt from the moratorium. A total of 122 positions were reduced due to attrition in FY 2000 (Exhibit II.12).

Site: Los Alamos National Laboratory		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	122	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	122	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits	0	\$0	\$0	\$0	\$0
2.1.1	Non-Construction Workers	0	\$0	\$0	\$0	\$0
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	122	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$85,892	\$0	\$85,892	
4.1	Displaced Worker Medical Benefits	2	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	231	\$10,174	\$0	\$10,174	\$44
4.4	Education Assistance for Separated Workers	37	\$75,718	\$0	\$75,718	\$2,046
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$85,892	\$0	\$85,892	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	122	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

Exhibit II.12 Los Alamos National Laboratory Work Force Restructuring Summary

Outsourcing. LANL did not have any outsourcing activity in FY 1999 or FY 2000.

Rehires. During FY 2000, LANL rehired five workers.

II.4.7.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at LANL was \$85,892, all of which were enhanced costs for benefits provided to workers separated in prior years (Exhibit II.12). The average cost per employee was \$44 for outplacement assistance and \$2,046 for education

assistance. The average savings in salary and benefits for the positions reduced are over \$9.4 million, with no severance costs.

II.4.7.5 Outplacement

In FY 2000, outplacement assistance continued to be made available to all former LANL employees. In collaboration with the University of New Mexico-Los Alamos Branch (UNM-LA), LANL sponsors a Career Resource Center that provides outplacement assistance to all former employees.

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 on issues pertaining to their re-employment.

In September 2000, LANL disseminated a request to 199 former separated employees to recertify their participation in the preference-in-hiring program. Of these, 68 recertified their preference-in-hiring status. In FY 2000, one former employee with preference-in-hiring eligibility was rehired.

II.4.7.6 Community Transition

Los Alamos National Laboratory. 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, DOE provided a grant to DATF to assist the region in mitigating the economic impacts of downsizing.

In 1996, the newly-established nonprofit Regional Development Corporation (RDC) was recognized by DOE as the community reuse organization (CRO) for Northern New Mexico community transition, the RDC's mission being to organize and implement an economic diversification and development program for north central New Mexico. The RDC now assists the region by funding economic development projects that can redeploy the highly-skilled, well-trained, and educated work force developed for LANL's site missions and to find potential new productive uses for land, facilities, and equipment as they become available.

In 1998, RDC became the administrative agent for \$2,882,850 of Department-funded community transition grants made by its predecessor, DATF. As of September 30, 2000, the Department had

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committed an additional \$8,113,792 in section 3161 funding to Northern New Mexico projects for total project funding of \$10,996,642. As of September 30, 2000, almost \$8.9 million have been spent by the 37 projects. A total of 571.2 jobs have been created or retained, with a total of 3,088 projected by the year 2003. The funds committed by the Department to the CRO have been leveraged 1:3 by private and other governmental funding (Exhibit II.13).

Exhibit II.13 provides a summary of all projects funded between FY 1996 and September 30, 2000.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- Northern New Mexico's *Entrepreneurial Facilities Infrastructure* has been significantly developed and expanded through the CRO's funding of the following seven business parks. The initial development of these facilities has resulted in 97 jobs created with 1,148 additional jobs anticipated to come on line by 2003, for a total of 1,245 jobs created.
 1. City of Espanola Business Incubator, completed 1999, created 60 jobs.
 2. Santa Fe Business Incubator Phase I, now completed, created 32 jobs.
 3. Phase II of the Incubator, to be completed in 2001, is projected to create 40 more jobs.
 4. Los Alamos Research Park's construction is 80 percent complete; it is fully leased; and will create 350 jobs upon occupancy in midyear 2001.
 5. Santa Fe County Industrial Park, now under construction, has contracted with its first tenant who expects to expand its operations into its new plant at the park in 2002, creating 200 jobs.
 6. Pojoaque Business Park, now under construction, has retained five jobs and is estimated to create 150 jobs.
 7. Santa Fe City Airport Business Park has just begun its planning stage and anticipates a build-out and occupancy by 2003, creating 120 jobs.

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FY 1996 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Revolving Loan Fund ¹	\$750,000	\$0	\$750,000	\$750,000	83	\$9,036	100
Tri-County Regional Training Program ²	\$213,512	\$0	\$213,512	\$106,173	33	\$3,217	100
City of Espanola Business Incubator ³	\$390,000	\$0	\$390,000	\$390,000	60	\$6,500	90
Rio Arriba Land Trust Association	\$60,000	\$0	\$60,000	\$60,000	0	\$0	0
Northern New Mexico Community College ⁴	\$200,000	\$0	\$200,000	\$200,000	8	\$25,000	56
University of New Mexico-Los Alamos ⁵	\$100,000	\$0	\$100,000	\$100,000	1	\$100,000	150
City of Santa Fe/ Projects: Business Incubator (\$150,000); TRADE (\$30,000); Airport (\$20,000)	\$200,000	\$0	\$200,000	\$188,000	33	\$5,697	120
Santa Fe Community College ⁶	\$100,000	\$0	\$100,000	\$99,000	100	\$990	500
Santa Fe County: Water Improvement Project for Industrial Park ⁷	\$100,000	\$0	\$100,000	\$100,000	0	\$0	250
Eight Northern Indian Pueblos (telecommunications infrastructure) ⁸	\$150,000	\$0	\$150,000	\$150,000	0	\$0	62
Los Alamos County: Land Trust Corporation (Research Park Design) ⁹	\$300,000	\$0	\$300,000	\$300,000	0	\$0	0
Los Alamos County: Cooperative Agreement ¹⁰	\$135,000	\$0	\$135,000	\$135,000	0	\$0	0
Vallecitos Mill	\$200,000	\$0	\$200,000	\$200,000	18	\$11,111	0
Strategic Learning Services ¹¹	\$486,900	\$860,381	\$1,347,281	\$1,344,933	9	\$149,437	0
City of Espanola Industrial Park Phase 2 ¹²	\$250,000	\$0	\$250,000	\$0	0	\$0	0
Eight Northern Indian Pueblos Council Business Incubator ¹³	\$190,000	\$0	\$190,000	\$143,746	20	\$7,187	62
Espanola Mainstreet ¹⁴	\$200,000	\$0	\$200,000	\$72,476	0	\$0	75
Ganados del Valle Business Development Program ¹⁵	\$87,163	\$0	\$87,163	\$87,163	9	\$9,685	35
Rio Arriba County GIS System ¹⁶	\$300,000	\$0	\$300,000	\$154,516	3	\$51,505	4
Santa Fe Business Incubator Phase 1	\$200,000	\$0	\$200,000	\$200,000	32	\$6,250	45
Santa Fe Gift Market ¹⁷	\$50,000	\$0	\$50,000	\$50,000	15	\$3,333	15
Santa Fe County Industrial Park Phase 1a ¹⁸	\$266,000	\$0	\$266,000	\$240,000	0	\$0	200
NCNMEDD Wastewater Treatment Study ¹⁹	\$350,000	\$0	\$350,000	\$62,415	0	\$0	0
Electronic Online Services/Rangefire ²⁰	\$750,000	\$0	\$750,000	\$750,000	1	\$750,000	300
Los Alamos Research Park ²¹	\$1,000,000	\$0	\$1,000,000	\$919,931	0	\$0	350
NM Internet Professionals Assn ²²	\$600,000	\$0	\$600,000	\$39,143	5	\$7,829	100
Tri-County Higher Education Association ²³	\$618,000	\$0	\$618,000	\$456,537	10	\$45,654	45
Espanola Fiber Arts Center ²⁴	\$10,000	\$0	\$10,000	\$2,454	1.7	\$1,444	6
Collaboration Works ²⁵	\$177,000	\$0	\$177,000	\$76,222	0	\$0	16
Madera Forest Products ²⁶	\$83,500	\$0	\$83,500	\$49,737	6.5	\$7,652	10
Los Ojos Handweavers ²⁷	\$134,000	\$0	\$134,000	\$83,215	25	\$3,329	35
Velarde Valley Apple Growers Coop ²⁸	\$300,000	\$0	\$300,000	\$163,381	5	\$32,676	9
TRADE ²⁹	\$11,000	\$0	\$11,000	\$11,000	7	\$1,571	75
Pojoaque Business Park ³⁰	\$400,000	\$0	\$400,000	\$305,245	5	\$61,049	150
SF Business Incubator Phase 2 ³¹	\$300,000	\$0	\$300,000	\$3,169	0	\$0	40
LACDC Post-Fire Business Grant Program ³²	\$100,000	\$0	\$100,000	\$100,000	77	\$1,299	77
Ganados del Valle 2 ³³	\$113,000	\$0	\$113,000	\$37,549	1	\$37,549	8
Total Grants Made	\$9,875,075						
RDC Administrative ³⁴	\$1,121,567	\$0	\$1,121,567	\$723,518	3	\$241,173	3
Totals	\$10,996,642	\$860,381	\$11,857,023	\$8,854,523	571.2	\$15,502	3,088

Note: See Appendix G for footnotes.

**Exhibit II.13 Los Alamos National Laboratory Community Transition Funding and
Job Creation by Project**

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- The *Work Force Development* programs funding has assisted in equipment purchases, curriculum development, and operations support for both academic and in-plant training in industries ranging from electronics and manufacturing to e-commerce and indigenous arts and crafts. A total of 149 jobs have been created to date.
 1. Santa Fe Community College and the University of New Mexico-Los Alamos: Funds assisted colleges in serving displaced, former LANL workers. Enhancements to college services included an upgrade to the Flex Lab, Internet access for the Learning Resource Center, a Career Development Center, and distance education capabilities (projects completed in 1999).
 2. New Mexico Economic Development District (NMEDD) Tri-County Regional Training Program: Funded state-run, in-plant training to manufacturers (completed in 1999).
 3. Northern New Mexico Community College Semi-Conductor Manufacturing Program: Created a degree program for specialized micro-electronic manufacturing (first class graduated eight in 2000).
 4. Tri-County Higher Education Association (THEA) Web-Master Degree Program: Underwrote curriculum spanning three community colleges; program began in 2000, all classes full.
 5. New Mexico Internet Professionals Association (NMIPA): Complements THEA program with CRO-funded short-courses and in-plant e-commerce training for small businesses.
 6. Espanola Valley Fiber Arts Center: Funded comprehensive weaving curriculum that includes business training for welfare-to-work program. Program also serves as an in-plant training resource for local weaving industry.

- The *Regional Infrastructure Build-Out* funding includes these projects that are in the early stages of implementation. Although such projects, by nature, lay the foundation for future job development, they do not directly create jobs beyond planning and construction-related positions. However, four permanent jobs have been created or retained thus far.
 1. Rio Arriba Land Trust Association - land use and planning.
 2. Espanola Mainstreet Project - commercial district street improvements.

3. Rio Arriba Geographical Information Systems - developing mapping capabilities for land use, economic development, and safety services planning.
 4. North Central New Mexico Economic Development Districts - waste water study, for region-wide sewer treatment planning.
 5. Electronic Online Services/Rangefire - telecom broadband provision to regional business parks.
- Building infrastructure to attract and grow businesses must be complemented by *Entrepreneurial Development and Support*. CRO is funding small business development through programs designed to maximize the impact of small business financing, advocacy, and cluster development. To date, over 70 businesses have received CRO-supported assistance and 221 jobs have been created or retained.
 1. Revolving Loan Fund assisted 11 businesses (\$750,000, 100 percent committed), and created 83 jobs.
 2. Eight Northern Indian Pueblos Council, Inc., provided business counseling services, begun in 2000, and served over 20 businesses to date.
 3. Skyloom Development Service/Collaboration Works is assisting over 20 small farmers to pool resources to maximize operational efficiencies.
 4. Ganados del Valle, Los Ojos Handweavers, Madera Forest Products is maximizing local agricultural resources through vertical integration of all local production, manufacturing, value-added product development, and marketing. Six small businesses have been assisted and 41.5 jobs created or retained.
 5. Cerro Grande Fire Small Business Assistance provided small business grants to 15 small businesses facing closure after the Cerro Grande Fire in Los Alamos, and saved 77 jobs.
 - The unique feature of the CRO's programmatic funding strategy is its emphasis on resource partnering. THEA and NMIPA grants are an example of such partnering. Both grants fund e-commerce training—one is a college degree program, and one provides skills-enhancement for small business people and is administered by a trade association. However, each grant program is designed to rely on and share the other's resources thus eliminating duplication and creating a synergistic effect. Another example is the Tri-Area Association for Economic Development (TRADE) grant to produce a unified marketing tool for the region's business parks, all of which have

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received construction funding from the CRO. The TRADE grant directly promotes and complements the CRO's *Entrepreneurial Facilities Infrastructure* effort by advertising the unique features of each business park to potential park tenants via one promotional effort.

- *Strategic Learning Services* has continued its work with LANL procurement activities and associated local businesses.

Albuquerque. The Next Generation Economy Initiative was established in August 1999 to serve as the CRO for central New Mexico. As of September 30, 2000, \$150,000 was provided to the Next Generation Economy Initiative as a startup grant. Additional funding of \$150,000 was provided to the Sandia Science and Technology Park Development Corporation; \$350,000 to the City of Albuquerque; and \$100,000 to the Business Technology Group. These three projects were initiated by the Albuquerque Operations Office based on requests from the central New Mexico region (Exhibit II.14).

FY 1999 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Business Technology Group ¹	\$100,000	\$0	\$100,000	\$100,000	0	\$0	0
City of Albuquerque ²	\$350,000	\$0	\$350,000	\$186,000	0	\$0	0
Next Generation Economy Initiative*	\$150,000	\$0	\$150,000	\$0	0	\$0	0
Sandia Science and Technology Park Development Corporation Master Plan ³	\$150,000	\$0	\$150,000	\$0	0	\$0	0
Totals	\$750,000	\$0	\$750,000	\$286,000	0	\$0	0

* Funds used for planning and for administrative purposes. Job creation not intended.
 Note: See Appendix G for footnotes.

Exhibit II.14 Albuquerque Community Transition Funding and Job Creation by Project

The following information provides the major accomplishments of selected projects funded in central New Mexico:

- A draft final report on an Economic Analysis and Implementation Strategy to diversify the Central New Mexico Regional Economy (Strengths, Weaknesses, Opportunities, and Threats Analysis) was completed and is under review.

- On September 15, 2000, the Sandia Science and Technology Park Development Corporation, a nonprofit organization charged with managing the Sandia Science and Technology Park, signed a contract with Consensus Planning of Albuquerque to create a Master Development Plan for the 219 acres located at the park.

Exhibit II.14 provides a summary of all the projects funded between FY 1999 and September 30, 2000.

Carlsbad. As of September 30, 2000, the Carlsbad Department of Development (CDOD), the predecessor of the Lea/Eddy Counties CRO received \$1.9 million for the Advanced Manufacturing and Innovation Training Center; \$300,000 for the Strengths, Weaknesses, Opportunities, and Threats Analysis (Eddy County, Lea County, and the Waste Isolation Pilot Plant); and, \$250,000 for the Geographic Information System for the City of Carlsbad and Eddy County. A total of 600 jobs have been created or retained, with an additional 400 projected by the year 2003.

The following information provides an update on major accomplishments of selected projects funded by CDOD:

- In 1995, a \$1.9 million grant was awarded through a cooperative agreement to the CDOD in order to create the Advanced Manufacturing and Innovation Training Center (AM&ITC) in Carlsbad, New Mexico. The mission of AM&ITC is to enhance the competitiveness of area manufacturers and to diversify the area economy through the support of new business development and the development of new products and markets for existing business.

As a result of this initiative, and in combination with other federal, state, and local funding, the following has been accomplished:

- A \$2.3 million, 36,000-square-foot Advanced Manufacturing Training facility was completed in March 1997.
- Two Associate Degrees in Manufacturing Technology and Engineering Technology were established.
- Over 1,270 students were trained through a contract with the New Mexico State University-Carlsbad that ended in December 31, 1998.
- The Strengths, Weaknesses, Opportunities, and Threats Analysis for Eddy County, Lea County, and the Waste Isolation Pilot Plant resulted in a planning document that will be used to determine what industries should be targeted for future job creation.

- The objective of the Geographic Information System (GIS) for the City of Carlsbad and Eddy County is to create overlaying maps providing public safety, infrastructure, environmental, demographic, and economic information essential to the diversification of the economy and the support of new business development. The GIS was completed in December 1999.

Exhibit II.15 provides a summary of all projects funded between FY 1996 and September 30, 2000.

FY 1996 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Advanced Manufacturing and Innovation Training Center ¹	\$1,900,000	\$0	\$1,900,000	\$1,900,000	600	\$3,167	1,000
SWOT Analysis for Eddy County, Lea County, and WIPP	\$300,000	\$0	\$300,000	\$300,000	0	\$0	0
GIS for the City of Carlsbad and Eddy County ²	\$250,000	\$250,000	\$500,000	\$500,000	0	\$0	0
Totals	\$2,450,000	\$250,000	\$2,700,000	\$2,700,000	600	\$4,500	1,000

Note: See Appendix G for footnotes.

Exhibit II.15 Carlsbad Community Transition Funding and Job Creation by Project

II.4.7.7 Future of the Site

LANL does not anticipate any major work force restructuring in FY 2001.

II.4.7.8 Accomplishments and Lessons Learned

In fall 1997, UC and DOE approved a 5-year continuation of the contract to operate the Laboratory. The new contract contains commitments on initiatives that were crafted to address regional issues and improve LANL's standing in the diverse regional community environment within which it operates. As a result, LANL has increased its community involvement activities by supporting regional economic development and educational outreach. The Laboratory created the Los Alamos National Laboratory Foundation, a nonprofit, philanthropic entity organized with a simple purpose: to promote and fund a broad range of educational and public service activities throughout Northern New Mexico communities where UC, the Laboratory, and corporate partner employees reside.

Other accomplishments and lessons learned include the following:

- In the event that involuntary reductions are unavoidable, there needs to be an institutional commitment to support the spirit and intent of DOE work force restructuring guidelines.
- A management-supported rehire program is essential in mitigating the negative impact of involuntary reductions.
- Outplacement support and tuition reimbursement benefits proved to be essential in involuntarily terminated employees' returning to work at LANL.

Key components of the LANL rehire program are as follows:

- UC has extended preference-in-hiring benefits to former LANL employees for UC employment as long as they recertify their eligibility and interest annually.
- LANL has made accommodations to provide training to rehired employees within 3 months from the date of rehire, at no cost to the hiring organization.
- LANL requested and received DOE and UC approval to reinstate vacation and sick leave accrual rates previously held by section 3161-eligible former Laboratory employees when rehired by the Laboratory.
- LANL provides funding and support to the UNM-LA career center. Former employees are encouraged to use the support services at the university career center, community colleges, and Laboratory outreach centers.
- LANL continues to provide Tuition Reimbursement Program support of up to \$10,000 per employee through November 2001 for involuntarily-separated former employees. Approximately 37 eligible former employees (subjects of both involuntary and voluntary reductions) are using the tuition benefit.

In March 1996, health benefits were extended for a period of up to 3 years after separation to employees both voluntarily and involuntarily terminated as a result of the 1995 reduction-in-force. During the first year following separation, LANL paid the full employer contribution of monthly premiums. During the second year, the former employee paid half of the Consolidated Omnibus Budget Reconciliation Act (COBRA) rate. During the third and subsequent years, the former employee paid the full COBRA rate.

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Calendar year 2000 marks the fifth year of extended health benefits. Beginning with the third year, the former employee has paid the full COBRA rate, and there has been no cost to the Laboratory for health premiums. However, the health plan's claim experience for 1 year impacts the rates for the following year, so the assumption of an undue risk ultimately flows through into plan premiums.

In October 2000, the Secretary of Energy announced his decision to enter into negotiations to extend the UC contract to operate LANL.

II.4.8 Nevada Test Site

II.4.8.1 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 mile site is bordered on three sides by the Nellis Air Force Bombing and Gunnery Range.

In 1992, President George H.W. Bush signed into effect the Hatfield Amendment, which imposed a 9-month nuclear testing moratorium effective until at least July 1, 1993. The Hatfield Amendment states that testing after July 1, 1993, is possible only on 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 were expected to proceed. No testing has been conducted at NTS since September 27, 1992.

II.4.8.2 History of Work Force Restructuring

Work force restructuring at NTS began in FY 1988. The site reduced over 1,200 employees prior to the implementation of section 3161. Between FY 1993 and FY 1997, there were 4,290 separations, 47 percent voluntary and 53 percent involuntary. Categories of separation included incentive-based early retirements, non-retirement voluntary separations, involuntary separations, and normal attrition. In FY 1998 and FY 1999, there were 256 separations. Of those, only 27 were eligible for benefits. Most of the separations were to correct the skills mix, and some were simply reflective of the normal ebb and flow of craft workers.

II.4.8.3 Current Work Force Restructuring

In FY 2000, there were 159 separations (Exhibit II.16), all involuntary. Of the separating employees, only three received benefits. The remaining 156 separating workers who did not receive benefits were union employees who were not eligible for displaced worker medical benefits, education, tuition assistance, or severance pay. No workers were placed internally without retraining. Forty-one displaced workers received medical benefits in FY 2000, and 162 separated workers received education assistance.

Outsourcing. There were no outsourcing activities in FY 1999 and FY 2000.

Rehires. There were 71 employees rehired in FY 2000.

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Site: Nevada Test Site		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	159	\$0	\$36,843	\$36,843	\$232
2.1	With Benefits	3	\$0	\$36,843	\$36,843	\$12,281
2.1.1	Non-Construction Workers	3	\$0	\$36,843	\$36,843	\$12,281
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	156	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	159	\$0	\$36,843	\$36,843	\$232
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$337,887	\$79,470	\$417,357	
4.1	Displaced Worker Medical Benefits	41	\$0	\$79,470	\$79,470	\$1,938
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	162	\$337,887	\$0	\$337,887	\$2,086
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$337,887	\$116,313	\$454,200	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	159	n/a	n/a	n/a	\$298
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	3	n/a	n/a	n/a	\$15,806
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.16 Nevada Test Site Work Force Restructuring Summary

II.4.8.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at Nevada was \$454,200 (Exhibit II.16). Of this amount, the total program cost was \$116,313, and the enhanced benefit cost was \$337,887. The average estimated fully-burdened cost per involuntary separation was \$15,806. Displaced worker medical benefits averaged \$1,938, and education assistance averaged \$2,086. The average savings in salary and benefits for the 159 positions reduced are slightly over \$12.3 million, for a one-time severance cost of \$36,843.

II.4.8.5 Outplacement

Bechtel-Nevada (B-N) 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

the Jobs Opportunity Bulletin Board System; and the posting of job positions within other Department of Energy (DOE) sites, local businesses, and management and operating contractor corporate offices. Nevada's Job Training Office also conducts briefings that provide information about employment security, consumer credit counseling services, and union apprenticeship programs.

Preference-in-Hiring. When attempting to fill a position, B-N and Wackenhut Services Inc., (WSI) first look at separated employees eligible for preference-in-hiring. The files of such employees are forwarded to supervisors for review. Four displaced employees with hiring preference were rehired in FY 2000. At present, there are no individuals on the preference-in-hiring list.

II.4.8.6 Community Transition

The Nevada Test Site Development Corporation (NTSDC) was designated as the community reuse organization in June 1995. As such, the NTSDC is a commercialization effort in partnership with DOE for community transition in the NTS area. This nonprofit entity facilitates the growth of science and technology through the development of sustainable private commercial activities which maximizes the use of DOE resources, expands non-government opportunities, and adds long-term value to the regional economy.

As of September 30, 2000, a total of almost \$14.3 million has been committed for community transition activities in Nevada, slightly over \$13.8 million of which have been spent (Exhibit II.17). Of this total expenditure, \$8.8 million have been spent by the NTSDC; slightly over \$3.4 million by the Corporation for Solar Technology and Renewable Resources (CSTRR); and \$897,876 by the International Brotherhood of Teamsters (IBT). A total of 1,839 jobs have been created or retained, with an additional 1,335 jobs projected by FY 2003.

Exhibit II.17 provides a summary of all projects funded between FY 1994 and September 30, 2000.

The following is an update on the major accomplishments of selected projects funded by NTSDC:

- ***Aerospace Activities.*** The anchor NTSDC client, Kistler Aerospace, continues its commitment to using the NTS for the domestic launch and recovery operation for its K-1 vehicle. Kistler received a grant from the National Aeronautics and Space Administration to develop concepts and requirements to provide access to the International Space Station with emerging launch systems. Kistler has now entered the final stage of financial negotiations prior to beginning construction and is working

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FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Implementation	\$8,800,000	\$0	\$8,800,000	\$8,800,000	1,051	\$8,373	2,350
Economic Development Authorities	\$100,000	\$100,000	\$200,000	\$200,000	755	\$265	755
Community Reuse Organization Initial Operations Startup	\$500,000	\$0	\$500,000	\$500,000	18	\$27,778	18
International Brotherhood of Teamsters ¹	\$1,236,000	\$0	\$1,236,000	\$897,876	9	\$99,764	45
Corporation for Solar Technology and Renewable Resources ²	\$3,000,000	\$532,417	\$3,532,417	\$3,416,849	6	\$569,475	6
Start Up Grant*	\$20,000	\$0	\$20,000	\$20,000	0	\$0	0
Totals	\$13,656,000	\$632,417	\$14,288,417	\$13,834,725	1,839	\$7,523	3,174

* Funds used for planning purposes. Job creation not intended.
Notes: See Appendix G for footnotes.

Exhibit II.17 Nevada Test Site Community Transition Funding and Job Creation by Project

diligently to complete the process while awaiting Federal Aviation Administration approval to launch from NTS.

- ***Nevada Innovation Center.*** The Nevada Innovation Center is a science and technology incubator where entrepreneurs can receive business planning and financial assistance. It was formalized as a result of the success of the NTSDC's business assistance program. The NTSDC has graduated a number of businesses—e.g., Cryo-Line Supplies, Nevada Carbon—from its business assistance program. Approximately 30 new jobs have been created as a result.
- ***Industrial Park Projects.*** Partnership projects with the rural communities surrounding the Nevada Test Site are the driving factors in this component. The Regional Development Act, passed in the Nevada Legislature in 1999, provides for the formation of partnerships to create Regional Development Corporations to develop and manage business projects. In March 2000, an economic development permit was entered into between the NTSDC and DOE to make 600 acres adjacent to the main gate of NTS available for a new industrial park.
- ***Renewable Energy.*** A consortium of renewable energy businesses known as the Western Renewable Energy Network identified NTS as a site location for a 260-megawatt green power generating facility. The initial project may include as many as 325 wind turbines, to be followed by projects for solar and natural gas-fired turbines.

The following is an update on the major accomplishments of selected projects funded by CSTRR:

- CSTRR representatives continued to participate with the Nevada Sustainable Energy Council, the State of Nevada Public Utility Commission, and others to keep the recently passed renewable energy-impacted legislation in place.
- CSTRR completed the development and procurement of a hybrid solar-electric portable power supply for use in remote off-grid locations.
- The cost-shared solar hot water heater project entered into by Pulte Homes and the University of Nevada, Las Vegas (UNLV), has been completed.
- Due to the termination of the CSTRR principal funding grant and the absence of adequate funding to continue the corporate mission, the Board of Directors exercised their option to close the CSTRR Office in Las Vegas. A tentative agreement has been made with UNLV's Mechanical Engineering Department to take over the corporation business, contingent upon the successful completion of the Defense Contract Audit Agency audit.

The following is an update on the major accomplishments of selected projects funded by the IBT:

- ***Training Accomplishments.*** The IBT/NTS Training School has taught: a Train-the-Trainer program for 2 students; 6 Commercial Drivers License courses for 36 students trained; 2 articulating dump truck courses for 9 students trained; and 3 water truck courses for 4 students trained. Fourteen of the students trained were displaced or unemployed NTS workers.

II.4.8.7 Future of the Site

Based on funding identified in the FY 2001 House and Senate Energy and Water Appropriation Reports and DOE Nevada Operations Office's current understanding of funding adjustments to be made by DOE Headquarters Program Offices, projections for FY 2001 indicate that B-N will separate less than 100 employees. Adjustments for the mix of skills required to perform the FY 2001 scopes of work and the further need for efficiency of operations are the anticipated causes of these reductions. Any separations that take place are expected to occur sporadically throughout the year.

II.4.8.8 Accomplishments and Lessons Learned

Both B-N and WSI have successful preference-in-hiring programs, as mentioned above.

II.4.9 Oak Ridge Complex

II.4.9.1 Background

The Oak Ridge complex is a large, 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 for developing and deploying basic and applied research and production 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 of Energy (DOE) 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.

In 1998, the site was placed under the responsibility of a management and integrating (M&I) contractor. As a part of this transition, the majority of ETTP's work force transferred to the M&I contractor or one of its principal subcontractors, or remained in the management and operating (M&O) contractor work force. The mission of ETTP has evolved into the reindustrialization and reuse of site assets (i.e., facilities, equipment, materials, utilities, and trained work force) 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.

Y-12 Plant. The Y-12 Plant was also constructed as part of the World War II Manhattan Project. It originated as a facility to separate the uranium-235 used in the first atomic bomb. During the Cold War years, Y-12 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.

Y-12 today is a “stockpile management” facility. The work is needed to keep weapons in the stockpile safe and stable for as long as the United States maintains a nuclear deterrent. Y-12 also is the Nation’s primary storage site for highly-enriched uranium and other materials used to make nuclear weapons. To support its primary missions, Y-12 serves as a national resource for manufacturing expertise not available in the private sector. Support programs at Y-12 are called on for DOE missions beyond the scope of defense programs and for service to other Federal Agencies. Y-12 also partners with industry to solve tough manufacturing problems through the Oak Ridge Centers for Manufacturing Technology and the National Prototype Center. A request for proposals (RFP) was issued for the M&O contract at Y-12, and a new contractor, BWX Technologies Inc., (BWXT) Y-12, LLC, assumed responsibility for the plant on November 1, 2000.

Oak Ridge National Laboratory. Originally known as Clinton Laboratories, the Oak Ridge National Laboratory (ORNL) was established in 1942 to carry out a single, well-defined mission: the pilot-scale production and separation of plutonium for the World War II Manhattan Project. From this foundation, the Laboratory has evolved into a unique resource for addressing important national and global energy and environmental issues. ORNL is currently the most programmatically diverse of the Department’s five multi-program energy laboratories. In support of the Department’s missions, ORNL conducts basic and applied research and development (R&D) to create scientific knowledge and technological solutions that strengthen the Nation’s leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL is a primary performer of R&D in basic energy science, energy efficiency, environmental science and technology, nuclear physics, and biological sciences. A RFP was issued for the M&O contract for ORNL during 1999. The University of Tennessee (UT)-Battelle, LLC, was selected and assumed responsibility for ORNL on April 1, 2000. Today, ORNL pioneers the development of new energy sources, technologies, and materials and the advancement of knowledge in the biological, chemical, computational, engineering, environmental, physical, and social sciences. ORNL also performs other work for DOE including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations.

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 work force health and safety, national security, environmental assessments, science education, and technical training for DOE and other government agencies.

II.4.9.2 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 regard 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 work force impacts determined. Work force planning is an ongoing process; however, work force restructuring impacts are reviewed as necessary by the M&O and M&I contractors and the Department.

Work force restructuring at the Oak Ridge complex began in FY 1993. There were 4,310 separations from FY 1993 through FY 1998; 69 percent were voluntary and 31 percent were involuntary.

In FY 1999, there was a total of 402 separations throughout the Oak Ridge complex. There were 252 voluntary separations, including 169 non-retirement voluntary separations and 83 net positions reduced through attrition. There were also 150 involuntary separations, all but one with benefits.

East Tennessee Technology Park. During FY 1999, Bechtel Jacobs Company, LLC, (BJC) at ETTP initiated a reduction-in-force that resulted in a voluntary reduction-in-force (VRIF) program offered to employees. The program provided normal severance benefits. Of the total separations, just over 40 percent were voluntary and slightly less than 60 percent were involuntary. More than 125 employees were terminated in FY 1999, including 56 voluntary reductions.

Y-12 Plant. From FY 1993 through FY 1997, Lockheed Martin Energy Systems, Inc., (LMES) had nine work force restructuring activities. Of the total separations, 67 percent were voluntary and 33 percent were involuntary. Voluntary programs have included two retirement incentives (in 1994 and 1996) and five VRIF programs. The voluntary reductions have served to reduce involuntary reductions considerably while preserving the critical skills necessary to support the facility's mission. The percentage of voluntary reductions in FY 1997 was lower than in previous years since personnel reduction targeted specific programs. At Y-12, a total of 226 employees were terminated in FY 1998; 67 involuntary and 159 voluntary.

During FY 1999, LMES offered one VRIF program to employees. Of the total separations, 81 percent were voluntary and 19 percent were involuntary. A total of 63 employees left the payroll, of which 51 were voluntary and 12 were involuntary.

Oak Ridge National Laboratory. From FY 1993 through FY 1999, there have been 10 work force restructuring programs at ORNL. Each program included a voluntary opportunity to

minimize the number of involuntary reductions. Of the total separations, over 80 percent were voluntary and just under 20 percent were involuntary. Voluntary programs have included one retirement incentive in FY 1994; one enhanced severance package in FY 1996; and eight 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. Voluntary programs continue to offer an attractive option for employees who wish to retire or otherwise terminate their employment while eliminating the need for an involuntary termination.

Major Laboratory initiatives in neutron science, 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 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.

During FY 1999, Lockheed Martin Energy Research Corporation (LMER) had 56 employees to terminate, of which 41 percent were involuntary and 59 percent were voluntary. Of the total separations, 23 employees were involuntary and 33 were voluntary.

Late in 1998, the Department announced that LMER had selected a subcontractor to complete the conventional design and manage construction of the Spallation Neutron Source (SNS), which is to be constructed in Oak Ridge over the next 7 years. The SNS is one of the Department's largest and most important construction projects. It will produce bursts of neutrons for scientific experiments that will explore the basic structure of matter. All key management positions for the SNS project were filled during FY 1999. The construction effort, which began in early 2000, will employ 600 to 800 temporary construction workers at its peak.

In April 1999, the Department issued the RFP for the management and operation of ORNL. The current contract, which was held by LMER, expired on March 31, 2000.

Oak Ridge Institute for Science and Education. Work force restructuring at ORISE began in FY 1995. Because ORISE did not receive funding for work force restructuring from FY 1995 through FY 1997, 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 148 separations from FY 1995 through FY 1999, just over 20 percent were voluntary and slightly less than 80 percent were involuntary.

During FY 1999, there was a decrease in the number of involuntary reductions to 13 at ORISE and 1 at an off-site location, which was 5 fewer than had been projected at the beginning of the year.

II.4.9.3 Current Work Force Restructuring

In FY 2000, there was a total of 746 separations throughout the Oak Ridge complex (Exhibit II.18). There were 620 voluntary separations, including 577 through non-retirement voluntary separation and 43 through attrition. There were also 126 involuntary separations, 122 with benefits and 4 without benefits. One hundred workers were placed internally without retraining and 586 workers were transferred from one company to another or to another site.

The employment increase at the Oak Ridge complex during FY 2000 is explained as follows. Employment numbers reported by BJC do not represent a headcount, but is a best estimate of the total employees working on the M&I scope of work. The BJC employment component is an actual headcount; however, the subcontractor component is based on BJC's approved Life Cycle Baseline and is calculated using certain underlying assumptions about how program dollars translate into labor hours.

Many of the subcontractor employees factored in the estimate may not have been considered in prior reporting because they are not full-time-equivalent employees of a DOE prime contractor. However, based on BJC's understanding of the data call (total employment related to M&I funding), the subcontractor estimate sought to take into consideration all Fixed Price/Fixed Unit Rate subcontract employees. It not only includes those former BJC employees transferred to Work Force Transition (WFT) subcontractors, but it also accounts for subcontractor project management and other subcontractor hires where no qualified incumbents were available for transition.

The estimate also factors in subcontractor employees associated with non-WFT subcontracts awarded for performance of "new" environmental clean-up work. As BJC subcontracted the majority of existing work related to maintenance, operations, and support of site infrastructure, it transitioned as many incumbent workers as possible (~900) to WFT subcontractors. Though some incumbent workers (whose skills sets were not compatible with then existing employment openings) received a reduction-in-force notice, workers with the skills sets suited to environmental clean-up were needed for scheduled "new" work. BJC was also successful in accelerating the clean-up schedule by initiating future planned projects early which has resulted in additional need for workers with the appropriate environmental clean-up skills sets.

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Site: Oak Ridge Complex		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	620	\$7,500,258	\$14,628,756	\$22,129,014	\$35,692
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	577	\$7,500,258	\$14,628,756	\$22,129,014	\$38,352
1.3	Net Positions Reduced Through Attrition	43	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	126	\$0	\$2,268,238	\$2,268,238	\$18,002
2.1	With Benefits	122	\$0	\$2,268,238	\$2,268,238	\$18,592
2.1.1	Non-Construction Workers	122	\$0	\$2,268,238	\$2,268,238	\$18,592
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	4	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	746	\$7,500,258	\$16,896,994	\$24,397,252	\$32,704
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	100	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	586	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$98,218	\$969,472	\$1,067,690	
4.1	Displaced Worker Medical Benefits	158	\$0	\$356,380	\$356,380	\$2,256
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	790	\$0	\$613,092	\$613,092	\$776
4.4	Education Assistance for Separated Workers	61	\$98,218	\$0	\$98,218	\$1,610
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$7,598,476	\$17,866,466	\$25,464,942	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	746	n/a	n/a	n/a	\$36,007
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	577	n/a	n/a	n/a	\$41,877
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	122	n/a	n/a	n/a	\$22,117
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.
 Note: Transfers to other sites (line 3.3) include over 500 workers transferred to Wackenhut Services, Inc., within the Oak Ridge complex.

Exhibit II.18 Oak Ridge Complex Work Force Restructuring Summary

Skills differences and BJC's all inclusive estimate, which factors in those who may not have traditionally been included in Oak Ridge employment numbers, should help explain the perceived inconsistency between reduction-in-force costs and reported numbers. A detailed account of work force restructuring at the Oak Ridge complex is included in the remainder of this section.

During FY 2000, BJC did not have a VRIF program. All separations from BJC were involuntary reductions. A total of 49 employees were involuntarily terminated in FY 2000. Additionally, during FY 2000, 48 employees were placed internally in other positions, and 1 was transferred to another location. Also, during FY 2000, BJC continued with implementation of the M&I subcontracting strategy with approximately 673 employees transitioned to the work force transition subcontractors.

During FY 2000, LMES had one VRIF program which was offered to employees. The program included an enhanced severance package. A total of 494 employees left the payroll of which 441 were voluntary reductions and 53 were involuntary reductions. Forty-one workers were placed internally in other positions throughout the site and 552 workers accepted transfers to other sites.

During FY 2000, LMER/UT-Battelle also had an enhanced VRIF program. Of the 184 total separations, 167 were voluntary and 17 were involuntary. A total of 33 employees were transferred to other sites, and 9 workers were placed internally in other positions without retraining. UT-Battelle implemented an enhanced VRIF program in September 2000, to help mitigate the involuntary reduction of approximately 300 employees. Since the majority of all voluntary and involuntary actions will take place in FY 2001, UT-Battelle will count these actions as part of the FY 2001 program.

During FY 2000, ORISE continued with its past pattern of involuntary reductions-in-force (IRIFs) reacting to funding losses as they have occurred. This resulted in reductions throughout the year and not at set times. ORISE did not offer a VRIF program. In FY 2000, a total of 19 employees left the payroll, 7 involuntarily and 12 by attrition. Two workers were placed internally in other positions without retraining.

This year was ORISE's third year offering the educational assistance benefit to displaced workers. During FY 2000, ORISE had a total of six displaced employees who used the educational assistance benefit.

A total of 111 separated workers from other DOE prime contractors continued to use outplacement services at the Career Center in FY 2000.

In July 2000, ORNL and Technology 2020 announced a partnership to help create more jobs in East Tennessee. Called the Center for Entrepreneurial Growth (CEG), the partnership will focus on taking technology developed at ORNL and using it to form new companies. CEG is housed at Technology 2020. It is designed to create an environment in which scientists who develop technology have direct access to all the planning assistance and capital needed to start a new company. In addition to licensing technologies, UT-Battelle will provide financial support to the CEG. During the next 5 years, UT-Battelle will provide more than \$1,000,000, including funds from its corporate fee and licensing revenues. Today, UT-Battelle is providing \$100,000 to establish a CEG Commercialization Fund that will be used to help commercialize ORNL technologies. Technology 2020 is a public-private partnership established in 1993 to create an entrepreneurial environment by drawing on the information technology resources of the Knoxville–Oak Ridge region.

During the first quarter of FY 2000, DOE awarded the protective services contract to Wackenhut Services, Inc.,-Oak Ridge (WSI-OR). WSI-OR transitioned 503 employees from the work forces of LMES, LMER, and BJC.

Outsourcing. LMES had no major outsourcing activities during FY 2000; however, it should be noted that just under 500 employees left the LMES payroll when DOE awarded the protective services contract to WSI-OR. BJC, ORISE, and ORNL also did not have any outsourcing activities in FY 2000.

Rehires. At LMES, 13 former employees were reinstated and 16 former employees were rehired during FY 2000. Seven of these employees were section 3161 eligible and were rehired from searches via the Jobs Opportunity Bulletin Board System (JOBBS). ORISE had four rehires during FY 2000 (three in Oak Ridge and one off-site) in regular and regular part-time positions. In addition, two employees who received an IRIF notice were rehired in temporary positions. Both UT-Battelle and BJC had one rehire each in FY 2000.

II.4.9.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at the Oak Ridge complex was nearly \$25.5 million, with almost \$17.9 million in program costs and almost \$7.6 million in enhanced benefit costs (Exhibit II.18). The average estimated fully-burdened cost per non-retirement voluntary separation was \$41,877. This was higher than average due to longer service employees with more seniority at UT-Battelle taking an enhanced voluntary reduction-in-force separation incentive. The average estimated fully-burdened cost per involuntary separation was \$22,117. For displaced workers, the medical benefits averaged \$2,256; for outplacement, \$776; and for education assistance, \$1,610.

II.4.9.5 Outplacement

LMES, a prime contractor within the Oak Ridge complex, operates the Career Center for the use of all DOE, contractor, and subcontractor displaced employees. The Career Center is operated as a team effort by LMES and StarAccess and is jointly-funded by DOE's Oak Ridge Operations (ORO), DOE's Office of Worker and Community Transition (WT), and three prime DOE contractors in Oak Ridge. The Career Center's offerings include a variety of services such as resume preparation; correspondence assistance; computer access; job-search training; one-on-one counseling; copy, fax, and telephone services; 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.

Due to the decline in the number of workers currently receiving layoff notices, the Career Center moved to a new off-site location with reduced square footage in FY 2000. The Career Center still has 15 computers for the use of its customers, plus all the services it previously offered. In addition to the Career Center, job search counselors are provided by StarAccess, which is funded by WT. The State of Tennessee Department of Labor's Workforce Network (formerly the Job Training Partnership Act) also had a staff member in the Career Center to assist laid-off employees with state-provided benefits until July 1, 2000, when the Network was abolished by the State of Tennessee. In FY 2000, the Career Center had a total of 776 users and a total of 7,626 visits from displaced workers from 32 local DOE-funded contractors and/or companies. During FY 2000, the Career Center worked with 102 new companies in addition to the companies it had worked with during previous years.

During the WSI-OR transition, human resources personnel used JOBBS and the services of the Career Center to hire 53 new employees to fill vacant staff support positions. Of this number, 13 were section 3161 employees. WSI-OR and other DOE prime contractors have continued to use the services of the Career Center to find preference-eligible section 3161 employees.

Preference-in-Hiring. In FY 1999, ORO was the first field location to formally establish preference-in-hiring procedures to be used by local DOE, contractor, and subcontractor organizations. This procedure clearly outlined the Department's Planning Guidance for Work Force Restructuring, the expectations of DOE, and the responsibilities of the contractor organization, Career Center, unions, and displaced workers. Because of the success of the procedure, WT shared this document with other DOE field locations and contractors.

In FY 2000, seven former DOE contractor employees were hired by LMES due to their section 3161 preference-in-hiring eligibility. Other section 3161 employees were reinstated due to union contractual obligations. Each contractor has been instructed by the Department to establish policies for implementing the preference-in-hiring requirement. Contractors have posted resumes for displaced workers on JOBBS and at the Career Center. Employees eligible for the preference are identified as Cold War workers and their resumes are flagged. Whenever openings occur, employees currently on an impacted list with reduction-in-force (RIF) notices in-hand are considered for first-priority placement. Next, the positions are open for internal job bids with the company. If no qualified candidates are found internally, the staffing office 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 were 106 former employees eligible for preference-in-hiring on September 1, 2000.

At ORISE, those holding RIF notices are given preferential consideration for all positions at or one level below the grade level for which they are qualified. The jobs are then open for internal hires, section 3161-qualified applicants, and external candidates. Internal candidates are given

priority if equal to the external candidates. Those with section 3161 status are considered next before other external candidates. All employees who are section 3161-qualified and who leave the organization under notice of RIF are asked to provide a resume for JOBBS if they want to be considered for future positions within the complex. Those resumes are put on JOBBS by ORISE's employment office, and the forms for former section 3161 ORISE employees are also retained in that office. ORISE posts all their full-time and part-time regular positions on JOBBS and with the Career Center in Oak Ridge. During FY 2000, one former employee who had received an IRIF notice was rehired into a regular part-time position, and two others were rehired as part-time temporary employees. The regular part-time employee and one of the temporary employees were section 3161-qualified.

Due to limited hiring restrictions, UT-Battelle hired one former employee who had the section 3161 hiring preference. UT-Battelle's hiring activity was extremely limited in certain labor categories, and when hiring did take place, the candidates tended to be transferred employees from the Y-12 Plant or K-25 Site who were at risk of being laid off. Secondly, most candidates with the section 3161 preference who were offered positions through JOBBS stated they were not willing to relocate to this area. Finally, additional hiring is taking place on the SNS project at ORNL; however, these positions are highly specialized. For example, hiring opportunities for SNS are currently in the area of Accelerator Physics and Engineering. These classifications are not readily available in the pool of section 3161-eligible candidates. It is anticipated that there will be opportunities for several section 3161 candidates who have elected to go back to school and gain new or updated skills to achieve the specialized level of skills and experience needed for these R&D and technical positions.

BJC hired one section 3161-eligible employee from the JOBBS pool at the Portsmouth Site. The company continues to advertise open positions in JOBBS when internal postings do not result in a qualified candidate.

II.4.9.6 Community Transition

The Community Reuse Organization of East Tennessee (CROET) was established in November 1995, replacing the East Tennessee Economic Council as the local CRO. CROET is a nonprofit economic development organization whose purpose is to assist the private sector in creating quality jobs in the region by using the underutilized 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.

CROET continues to be involved in leasing agreements achieving the reindustrialization of ETPP and helping foster economic development in the affected communities through federal grants. As of September 30, 2000, a total of \$56.0 million has been committed to the CRO and the management and operating contractor; nearly \$54.1 million of which have been spent. A

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total of 4,766 jobs have been created or retained, with an additional 1,513 projected by FY 2003 (Exhibit II.19).

Exhibit II.19 provides a summary of all projects funded between FY 1994 and September 30, 2000.

FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Completed Projects							
Work Force Restructuring Planning Assistance Grant*	\$300,000	\$0	\$300,000	\$217,598	0	\$0	0
Oak Ridge Centers for Manufacturing Technology	\$10,000,000	\$0	\$10,000,000	\$10,000,000	1,358	\$7,364	1,358
Manufacturing Skills Campus	\$17,302,000	\$0	\$17,302,000	\$17,302,000	1,208	\$14,323	1,208
East Tennessee 2000-Feasibility Studies*	\$100,000	\$0	\$100,000	\$100,000	0	\$0	0
21st Century Jobs Initiative*	\$750,000	\$0	\$750,000	\$717,444	0	\$0	0
Research and Development Initiatives ¹	\$1,500,000	\$0	\$1,500,000	\$1,493,595	0	\$0	12
Technical Assistance for the Reuse of DOE Facilities and Land ²	\$100,000	\$0	\$100,000	\$100,000	0	\$0	0
City of Oak Ridge/Roane and Anderson Counties Projects	\$1,100,000	\$0	\$1,100,000	\$1,100,000	598	\$1,839	1,250
East Tennessee 2001: Implementing the Vision	\$12,100,000	\$0	\$12,100,000	\$12,054,543	1,257	\$9,590	1,589
National Electronics Center Recycling Project ³	\$4,000,000	\$0	\$4,000,000	\$3,942,557	29	\$135,950	60
Current Projects							
New Business Development - DOE Small Business Grant	\$2,000,000	\$0	\$2,000,000	\$1,966,503	233	\$8,440	260
East Tennessee 2002 ⁴	\$6,750,000	\$0	\$6,750,000	\$5,087,244	83	\$61,292	542
Totals	\$56,002,000	\$0	\$56,002,000	\$54,081,484	4,766	\$11,347	6,279

* Funds used for planning or administrative purposes. Job creation not intended.
 Note: See Appendix G for footnotes.

Exhibit II.19 Oak Ridge Complex Community Transition and Job Creation by Project

The following is an update on the major accomplishments of CROET:

- Horizon Center Industrial Park.** The Horizon Center Industrial Park Phase I is nearly complete, with only some signage and landscaping remaining. Construction of the Theragenics Corporation facility, the first tenant to locate at Horizon Center, is also nearing completion, with facility occupancy scheduled for early next calendar year. This \$30.0 million, 100,000-square-foot facility will house 240 employees contributing their knowledge and expertise toward the production of a medical isotope that uses a patented process to diagnose and treat cancer. Theragenics is also providing funds to upgrade the

High Flux Isotope Reactor at the Oak Ridge National Laboratory, which will be used in the enrichment process of the treatment product.

- ***Heritage Center Clean-up.*** In September 1999, CROET signed a lease with ToxCo to clean up and recycle scrap metal at ETTP. To date, over 7 million pounds of scrap materials that would have been scheduled for burial have been recovered and recycled. ToxCo is an international recycling business with four operating facilities in the United States and British Columbia.
- ***Regional Economic Diversification (RED) Grants.*** A Notice of Availability and Request for Proposals was issued in March for nearly \$500,000 in grant funds to assist the region in job creation and retention, job training, and retraining for displaced workers. Funding was awarded in June 2000 to 12 worthy projects. Examples include the equipping of a computer science technology classroom at a new community college branch campus in a previously-underserved area; financial assistance to Morgan County in the development of a strategic plan to attract a new major employer (Morgan County has the highest unemployment [7.2 percent] in the 15-county impact area served by CROET); and a work preparedness training program for unemployed and underemployed women.
- ***Oak Ridge Rowing Association.*** The Oak Ridge Rowing Association was awarded one of the first CROET RED grants (\$15,000 in 1998) for assistance in upgrading its rowing course on the Clinch River. Funding was used to improve course markings, docks, and boat storage, which allowed the Association to sponsor seven major regattas during spring and summer 2000. Almost 5,000 participants contributed an estimated \$1 million to the economy of the community and region.

II.4.9.7 Future of the Site

The majority of BJC subcontracting actions and associated work force transitions to subcontractors were completed in FY 2000. As this work force transition process was completed and, as ongoing projects have been completed, BJC and subcontractor staffing levels have been adjusted. Based on BJC's current subcontracting plans and the best forecast of the FY 2001 budget, it is anticipated that some additional reductions in staffing will occur through FY 2001. These reductions will affect primarily UT-Battelle at ORNL as work the company is performing for BJC is completed.

The BJC forecast is that up to 100 additional reductions could occur in FY 2001 as project work is completed in Oak Ridge, Paducah, and Portsmouth. These reductions could include BJC grandfathered employees reduced from BJC work force transition subcontractors or reductions at Y-12 or ORNL associated with the completion of M&I work.

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

On March 1, 2000, DOE created the National Nuclear Security Administration (NNSA). Its mission is to carry out the national security responsibilities of DOE, including maintenance of a safe, secure, and reliable stockpile of nuclear weapons and associated materials, capabilities, and technologies; promotion of international nuclear safety and nonproliferation; and administration and management of the naval nuclear propulsion program. The Y-12 Plant will report directly to NNSA.

In FY 2001, the Y-12 Plant will have a new contractor. BWXT Y-12, LLC, assumed management of the Plant on November 1, 2000. Y-12 will continue to integrate manufacturing, engineering, and development technologies with an emphasis on protecting the environment and assessing the health and safety risks of its employees and the public.

Facilities and expertise developed and maintained in Oak Ridge are essential to the National Security Program. Capability for nuclear weapons component production and quality evaluations will be maintained, as well as that for dismantling and storing nuclear materials from retired weapons systems. The Centers for Manufacturing Technology will leverage and capitalize on this national security expertise to support industrial manufacture of highly-intricate equipment and prototypes. No major downsizing initiatives are expected during the year; however, small layoffs may occur due to skills mix issues and changes made by the new contractor. New employees with critical skills will be needed at Y-12, so a limited amount of hiring will occur.

UT-Battelle was selected and assumed responsibility for ORNL on April 1, 2000. For FY 2001 planning purposes, UT-Battelle assumes that ORNL replacement hiring activity will remain rather low and stable, additional hiring will be needed in projected strategic growth areas, and the SNS project will continue to ramp up.

Although downsizing in a number of funding areas, ORNL must continue to attract and retain staff in the fundamental research areas in order to maintain current research capabilities and to grow in strategic programmatic areas. For FY 2001, ORNL anticipates limited growth of new R&D staff in the fundamental research areas—basically limited to replacing the small number of staff who will retire or voluntarily leave for other positions. Preservation of the critical skills required to meet ORNL's multi-program R&D mission and new initiatives for FY 2001 will be preserved through the restructuring efforts, along with these hiring plans.

The hiring level for SNS is currently projected at up to 100 new technical, administrative, and support staff. This number does not include separate openings at SNS partner laboratories. The

SNS project is continuing on schedule and continues to ramp up rapidly with regard to new critical skills and support employees needed to keep the project on target. Currently, SNS has 50 openings locally and 21 more positions to be located temporarily at the partner laboratories. The subcontracted construction effort, which began this year, will employ up to 600 skilled laborers from the local area during peak activity in 2001. The SNS project involves a partnership among six DOE national laboratories (Argonne, Brookhaven, Jefferson, Lawrence Berkeley, Los Alamos, and Oak Ridge). The SNS project office at Oak Ridge has responsibility for managing the partnership, ORNL for ultimately operating SNS, and the other participating laboratories for designing, constructing, and integrating their parts of the source into the final facility. Like other DOE facilities, SNS, scheduled for completion in 2006, will be a user facility open to scientists and engineers from universities, industries, and U.S. and foreign government laboratories.

At the current time, ORISE is anticipating a need for more involuntary reductions in FY 2001. Declines in several funding areas are expected. ORISE's projected number of RIFs for FY 2001 is 20.

Currently, none of ORO contractors have performance measures for work force restructuring in their contracts. As results of their hiring efforts and the use of JOBBS are reported, ORO may determine a need to insert performance measures into the contracts.

II.4.9.8 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.* In September 1999, over 95 percent of the managers at Y-12 took training in preparation for the major FY 2000 downsizing. The training dealt with legal and moral issues connected with distributing RIF notices.
- *Notification Training.* BJC continues to provide Supervisor Training in the nature of a formal Workshop, entitled "Effective Notification." The training, conducted for supervisors responsible for giving RIF notices to their employees, helps to prevent many misunderstandings that may arise between BJC or supervisors and the affected employees.
- *Career Center Use as Interview Site.* Sixteen companies have used the Career Center in FY 2000 as an interview location for their open positions.

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- *Reduced Work Week.* ORISE 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 and the related loss of valuable employees, expenditure of funds on RIF benefits, and hiring of new employees.
- *Management Training.* Members of management attended the seminar, "Creating a Supportive Environment Following Reduction-in-Force," sponsored by Helpline, Incorporated.

Lessons Learned:

- Employees should be released to work at the Career Center as soon as current assignments can be completed or transitioned. Work should be transitioned to the immediate supervisors. As soon as possible, the focus should be on what is useful to help the individual find a new job.
- Impacted workers are strongly encouraged to attend the 2-day Job Search Workshop.
- Line managers at LMES remain accountable for their employees during the 60-day notice period. Since BJC does not have a 60-day notice period, line managers remain accountable for a 28-day notice period.
- For employees with computer accounts, access is limited to e-mail and the Internet. Access to other systems required for job performance during the notice period must be authorized by the Division Director or senior management.
- The Division Manager, Deputy Division Manager, and the Section/Department Head or line management in the various contractor organizations of the employee are to be present when the involuntary notices are issued.
- Contractors will continue to use best practices in work force planning.

- The Career Center maintains a web page (<http://www.y12.doe.gov/career>) and encourages people receiving RIF notices to submit resumes for inclusion in the resume listing maintained on that page. Many former employees report receiving interview requests and job offers as a result of their resume listing. The website also includes Career Center information, special announcements, workshop schedules, and job-hunting sites.
- Two tri-party agreements were reached among LMES, LMER, BJC, and the Atomic Trades and Labor Council (ATLC) at the Y-12 Plant and ORNL to facilitate the transition of hourly employees covered by the collective-bargaining unit agreements from LMES and LMER to BJC. These agreements will be used to handle projected ATLC reductions by UT-Battelle at ORNL.
- The LMES Employee Assistance Program has presented effective sessions on stress management that address low morale in the workplace for employees who remain on the payroll.
- The transition staff at the Career Center cannot give false hopes to impacted employees and maintain their credibility. It is important that the transition staff not promise jobs. Some employees are more naturally placed into jobs than others. 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 devoted to those employees who remain after work force restructuring. ORISE participated in a study of the survivor syndrome affecting remaining workers. This study was conducted by an employee working on her master's thesis.
- A RIF review committee comprising M&O and M&I contractors reviews all RIF decisions and their justifications prior to their approval by top management. During the committee meetings, special attention is paid to diversity considerations and to impacts in terms of race, gender, disability, age, national origin, performance, and company service. The committee is concerned with preserving specialized skills and competencies needed by the organization.
- The Adjustment Assistance Coordinating Council, a local stakeholders group hosted by the ORO, meets at least once a month to share information and concerns. This regular communication has resulted in cooperation among contractors and subcontractors in the Oak Ridge area and enabled questions and concerns about work force restructuring to be resolved more quickly.

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- The ORO developed a preference-in-hiring procedure after extensive consultation with contractor, subcontractor, and labor organizations. That procedure clearly defines the process DOE, contractors, labor unions, and the displaced employee must follow in order to use the preference-in-hiring benefit.
- Career Center staff members have participated in several community events held to support those who have received RIF notices, their families, and the many small businesses that the displaced workers have begun.

II.4.10 Ohio Field Office

II.4.10.1 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 is currently dedicated to environmental cleanup, the Department of Energy (DOE) 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 DOE mission activities at five sites, four in Ohio and one in New York. Of these sites, only two—Fernald and Mound—qualify as defense nuclear facilities.

Fernald. The Fernald Environmental Management Project (Fernald), formerly known as the Feed Materials Production Center, occupies approximately 1,050 acres 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 DOE sites. In July 1989, uranium metal production was suspended to refocus resources on environmental restoration.

Mound. The Miamisburg Environmental Management Project (Mound), formerly known as the Mound Laboratory or Mound Plant, is about 10 miles southwest of Dayton, Ohio, in the City of Miamisburg. From 1948 to 1995, Mound, which originally occupied 306 acres, produced a variety of nuclear materials and nuclear weapons parts and provided maintenance for the weapons stockpile. In 1993, the Department announced the final reconfiguration of the nuclear weapons complex. Mound was scheduled for cleanup, closure, and transition to the local community for future reuses. Twenty-six acres have been transferred to the local community. In 1994, production was transferred to other DOE sites, and resources were directed to environmental cleanup.

II.4.10.2 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. There were no net reductions at Fernald during FY 1997. In FY 1998, 12 separations occurred at the Fernald site, all voluntary.

The Work Force Restructuring Program implemented during FY 1998 was carried over into FY 1999. The Voluntary Separation Incentive Program (VSIP) was open to approximately 150 individuals in approximately 25 decreasing classifications. During the open application period, 35 individuals applied for VSIP and 30 were subsequently accepted. The other

115 individuals in decreasing classifications moved into non-decreasing program areas or were absorbed as the result in a change of work scope. In August 1999, DOE announced that the Fernald site contract completion activity would be re-competed.

In FY 1999, there were 114 separations from the Fernald site, 16 of which were voluntary (counts revised from those shown in earlier report). The FY 1999 average separation cost per employee for Fluor Daniel Fernald was \$1,692. A total of 1,121 employees were separated from FY 1993 through FY 1999, including those subject to normal attrition. Of these separations, 75 percent were voluntary and 25 percent 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 voluntarily and 7 percent involuntarily. In February 1997, approximately 25 people were affected by an involuntary layoff that completed the reductions under the 1994 Work Force Restructuring Plan.

A new site-operating contractor, Babcock and Wilcox of Ohio (BWO), was chosen at Mound in August 1997 and began operations under a performance-based completion contract on October 1, 1997. Prior to its startup, the contractor team offered employment to an estimated 760 of the 860 Mound workers. About 700 accepted positions with the new contractor team. Those who did not receive or accept offers of employment either retired or were separated by September 30, 1997. BWO terminated the operation of its Outplacement Center due to expiration of the eligibility of those workers terminated by EG&G Mound Applied Technologies on September 30, 1997. There were 184 separations in FY 1997, 15 percent voluntary and 85 percent involuntary. In FY 1998, 32 positions were reduced at the Mound site; 31 of these separations were voluntary, and only 1 was involuntary.

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's *Strategic Plan*. In July 1997, the Secretary of Energy approved the Field Office's *Work Force Restructuring Plan*, an umbrella plan covering future work force reductions at Fernald and Mound. The plan maps out the Department's preferred strategy for future work force changes at Fernald and Mound. The site contractor will decide when work force changes are needed on the basis of such factors as cost, worker skill mix, and cleanup schedules. Changes to the plan may result from future policy or program changes. Because Fernald and Mound face closure within a decade, workers are encouraged to begin to plan for the eventual loss of their jobs.

In FY 1999, BWX Technologies of Ohio, Inc. (BWXT) completed a new baseline of the site and accelerated the critical path in several areas. To support this acceleration, the company has added 41 salaried and 50 hourly positions. Acceleration of the critical-path activities and the additional openings that this prompted allowed for a natural work force restructuring. That is,

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employees who “bid” on an open job were considered first, and the positions were filled from within. This also occurred in the hourly ranks, as 10 Demonstration Technicians were elevated to Second Class Craft employees.

In December 1999, a Novation Agreement between the affected parties, changed the responsibilities of the Mound site from BWO to BWXTO. This only resulted in a name change of the contractor from BWO to BWXTO.

II.4.10.3 Current Work Force Restructuring

Fernald. In FY 2000, there were a total of 153 work force separations at Fernald, including 8 early retirements and 45 non-retirement voluntary separations (Exhibit II.20). A total of 100 positions were reduced through attrition. There were no involuntary separations at Fernald in FY 2000. In addition, 48 workers were placed in positions internally, 12 with retraining and 36 without retraining.

Site: Fernald		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	153	\$0	\$719,539	\$719,539	\$4,703
1.1	Early Retirement	8	\$0	\$183,012	\$183,012	\$22,877
1.2	Non-Retirement Voluntary Separations (Severance Only)	45	\$0	\$536,527	\$536,527	\$11,923
1.3	Net Positions Reduced Through Attrition	100	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits	0	\$0	\$0	\$0	\$0
2.1.1	Non-Construction Workers	0	\$0	\$0	\$0	\$0
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	153	\$0	\$719,539	\$719,539	\$4,703
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	36	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	12	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$0	\$0	
4.1	Displaced Worker Medical Benefits	0	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	0	\$0	\$0	\$0	\$0
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$719,539	\$719,539	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	153	n/a	n/a	n/a	\$5,740
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	45	n/a	n/a	n/a	\$15,448
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.20 Fernald Work Force Restructuring Summary

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Mound. In FY 2000, there were no work force separations at Mound either voluntary or involuntary (Exhibit II.21). One worker was transferred to another site.

Site: Mound		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits	0	\$0	\$0	\$0	\$0
2.1.1	Non-Construction Workers	0	\$0	\$0	\$0	\$0
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	0	\$0	\$0	\$0	\$0
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	1	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$197,866	\$197,866	
4.1	Displaced Worker Medical Benefits	18	\$0	\$112,804	\$112,804	\$6,267
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	7	\$0	\$85,062	\$85,062	\$12,152
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$197,866	\$197,866	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs)	0	n/a	n/a	n/a	\$0
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	50	\$0	\$81,423	\$81,423	\$1,628
9.1	Voluntarily Separated ¹	50	\$0	\$81,423	\$81,423	\$1,628
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes 44 not receiving any benefits.

Exhibit II.21 Mound Work Force Restructuring Summary

II.4.10.4 Costs and Cost Savings

Fernald. The total work force restructuring cost incurred in FY 2000 at Fernald was \$719,539, all of which were program costs (Exhibit II.20). The average estimated fully-burdened cost per early retirement was \$22,877. The average estimated fully-burdened cost per non-retirement voluntary separation was \$15,448. The average savings in salary and benefits for the 153 positions reduced are about \$11.8 million, for a one-time severance cost of \$719,539.

Outsourcing: In FY 2000, no employees were separated from Fernald as a result of outsourcing.

Rehires: Fluor Daniel Fernald rehired three employees during FY 2000.

Mound. The total work force restructuring cost incurred in FY 2000 at Mound was \$197,866, all of which were program costs (Exhibit II.21). Displaced worker medical benefits averaged \$6,267; and education assistance, \$12,152.

Outsourcing: In FY 2000, no employees were separated from Mound as a result of outsourcing.

Rehires: During FY 2000, nine employees were rehired.

II.4.10.5 Outplacement

The Department 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, and resource libraries, as well as automated job listings, such as the Department's Jobs Opportunity Bulletin Board System (JOBBS). These services help meet the intent of section 3161 in assisting workers.

Fernald. During FY 1999, Fernald budgeted \$878,344 for professional development and career development activity for its employees. The Career Development Center had 70 employees enrolled in associate degree programs, 182 employees enrolled in bachelor's degree programs, and 86 employees enrolled in master's degree programs through various local accredited colleges and universities.

Preference-in-Hiring. Fernald had very little activity associated with preference-in-hiring in FY 2000. The managed attrition process has been responsible for a gradual decline in the overall staffing levels, salaried and wage alike. In recent months, several preference-in-hiring electricians and pipe fitters were hired from the Portsmouth facility only to find that within days of their arrival at Fernald, they were recalled. Further complicating the preference-in-hiring requirement at Fernald is the fact that the final closure contract has been awarded. Fernald anticipates that it will have trouble attracting many types of skilled workers as closure draws near. Retention of skilled workers now becomes the immediate issue.

There are no preference-in-hiring eligible candidates at Fernald because there has not been an involuntary reduction-in-force that would generate such action.

Mound. The Mound Transition Center closed on September 30, 1998. BWXTO continues to input data to, and receive data from, JOBBS. It is expected that a more formalized activity will again occur in the out-years, but there is no current budget set aside for this activity.

Preference-in-Hiring. In an effort to further comply with section 3161 preference-in-hiring contractor requirements, BWXTO has been reviewing its hiring practices and has implemented the following practices to further develop the company's compliance.

- Presentations on preference-in-hiring requirements have been given to those involved in the hiring process, preference-in-hiring resumes identified, and hiring managers reminded of their obligation.
- Copies of current resumes of all former Mound employees that qualify under section 3161 have been assembled to better identify those that may qualify for open positions.
- All prospective candidate credentials have been reviewed by human resources management and senior site management for compliance with section 3161 procedures prior to offering any position to an outside candidate.
- A tracking software database system was identified, installed, and populated, providing an automated procedure to: target prospective candidates for open positions; track skills interview routing; and track Equal Employment Opportunity reporting. In addition, skills and former job classifications of eligible Mound section 3161 candidates have been included in the database to more easily target their potential placement into open positions.

In FY 2000, six employees were hired at Mound who were eligible for preference-in-hiring. As of September 30, 2000, there are 58 former employees with preference-in-hiring status.

II.4.10.6 Community Transition

Fernald. At the start of FY 2000, the Fernald Community Reuse Organization (CRO) will still be operating under an extension of a Planning Grant. It was also still awaiting approval of its Community Transition Plan (CTP), which had been submitted to the Office of Worker and Community Transition (WT) in July 1999. The Economic Development Administration (EDA) completed its review in late October 1999. Notification by WT of CTP approval came in November 1999.

As of September 30, 2000, a total of \$736,921 has been committed to the CRO; \$444,632 of which have been spent. A total of 1,150 jobs are expected to be created by FY 2003 (Exhibit II.22). During the period of October 1, 1999, through May 2, 2000, the CRO continued to work with a variety of area-wide economic development organizations to keep them informed of the transition needs of the site. It also initiated work to gather the data resources necessary to implement the programs described in the CTP. Once it was learned that the first-year grant

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would be \$325,000 rather than the requested \$3 million, significant work to change project priorities became necessary.

FY 1997 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Start Up/Planning Grant*	\$736,921	\$0	\$736,921	\$444,632	0	\$0	1,150
Totals	\$736,921	\$0	\$736,921	\$444,632	0	\$0	1,150

* Funds used for planning or administrative purposes. Job creation not intended.

Exhibit II.22 Fernald Community Transition Funding and Job Creation by Project

The Fernald CRO Board then developed a prioritization schedule focusing on four of the six initiatives described in the original CTP. It established scaled-back budgets and developed a plan of work. Considerable negotiation was required with the Ohio Field Office before an actual grant award was made in May 2000.

During the period May 2000 through the end of FY 2000, rapid progress was made in developing the administrative procedures for all four of the reprioritized programs. In addition, implementation activities were undertaken in all four areas. These areas included:

- 1) development of policies, plans, and procedures for a revolving loan fund;
- 2) an entrepreneurial assistance program;
- 3) participation in a regional marketing campaign; and
- 4) conduct of a business incubator feasibility study.

Although job creation was not possible during FY 2000, the award of entrepreneurial assistance grants in the early period of FY 2001 will have job creation impact. But significant job creation will be hampered by the extremely limited grant funds received. Community participation has been measurable, as local and state agencies have been active financially in several of the CRO's programs. Particularly exciting is the prospect that funds from the City of Hamilton and Butler County will be available to assist in the implementation of an Incubator Feasibility Study.

Community participation in the CRO's deliberations continues to be strong and active. Membership of the Fernald CRO Board continues to reflect the composition of the Fernald work force, as well as that of the public and private sectors of the communities surrounding the site. Close working relationships persist with all area-wide economic development agencies. This cooperation has been reflected in the CRO's participation in the region-wide economic development marketing program of the Greater Cincinnati Chamber of Commerce. Participation in this effort was one of the priority programs identified in the CTP and included in the scaled-back program adopted for first-year implementation.

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Exhibit II.22 provides a summary of all projects funded between FY 1997 and September 30, 2000.

Mound. Closure of the DOE Mound facility initiated new roles and responsibilities for DOE and led to establishment of the Miamisburg Mound Community Improvement Corporation (MMCIC). The MMCIC is a not-for-profit corporation established by the City of Miamisburg to redevelop and reuse the site, as well as to transfer Mound assets for reuse. The MMCIC was chartered with the vision of establishing the site known as "Mound" as an economically-viable, privately-owned technology and industry center by 2005—the Mound Advanced Technology Center (MATC). In response to the challenges presented by commercialization of the Mound facility, MMCIC developed the *Miamisburg Mound Comprehensive Reuse Plan*. This plan details long-range development and implementation strategies for the Mound transition. It estimates that \$48.3 million are required to repair, renovate, and upgrade Mound facilities in order to create a marketable site. Conversion to a technology and industrial park is considered the best strategy for the site primarily because it is consistent with environmental constraints; market, financial, and political realities; and local economic development goals.

The focus now is commercialization of the Mound site. The intent of the transition effort is to abate the loss of jobs and unique technological capabilities; provide continued economic benefits to the Mound work force, the local community, the region, the state, and the Federal Government; transfer a clean site to the local community; and successfully transition the Mound site to Mound-based private businesses. Consequently, the mission of the partnership between DOE and the local community (represented by MMCIC) is to identify and assemble the resources and capabilities needed to address the impacts resulting from the federal defense budget reductions and Mound closure. The shared goal is to maximize the cleanup and economic development opportunities in order to achieve the successful reuse of Mound.

As of September 30, 2000, a total of \$19.7 million has been committed to the CRO; nearly \$12.8 million of which have been spent. A total of 330 jobs have been created, with an additional 254 jobs expected to be created by FY 2003 (Exhibit II.23).

FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Miamisburg Mound Economic Development Plan ¹	\$14,500,000	\$200,000	\$14,700,000	\$11,841,305	330	\$35,883	584
Facilities Transition Grant	\$5,000,000	\$0	\$5,000,000	\$917,395	0	\$0	0
Totals	\$19,500,000	\$200,000	\$19,700,000	\$12,758,700	330	\$38,663	584

Note: See Appendix G for footnote.

Exhibit II.23 Mound Community Transition Funding and Job Creation by Project

Exhibit II.23 provides a summary of all projects funded between FY 1994 and September 30, 2000.

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- **Businesses.** Three-year lease extensions have been signed with the following companies: Wheatville Technology, Porterhouse Environmental, Inorganic Specialists, Mound Technical Solutions, Material Research Institute, Precision Welding, Los Alamos Technical Associates, Frontier Electronics, and Mound Flextek.

The Mound Laser and Photonics Center (MLPC) has been awarded a \$100,000 Phase I Small Business Innovation Research contract from the Air Force Research Laboratory, which is headquartered at Wright-Patterson Air Force Base. The work involves laser deposition of high-temperature superconductors. The award is based on recent developments by MLPC in laser micromachining and fabrication techniques. The company is a subsidiary of the Infinite Group.

UNISYS, Mound's information technology contractor, as part of its BWXTO proposal to DOE, committed that it would create 125 jobs in the "Miamisburg community." The company recently outlined two approaches to accomplish this goal. They involve the location of a new UNISYS operation at the MATC or the growth of an operation through market share locally. MMCIC is discussing ways it can support the company's efforts.

- **Mound Redevelopment.** Phase I, East Boundary Improvement Project: With completion of the stone base and grading and construction of the water and sewer line, Mound Road has been reopened. The cul-de-sac road storm sewer is in; grading has been completed; and curb, gutter, and asphalt paving are complete. The base stone and curbing for the 100 Parking Lot have been installed; paving and streetlights are in; and building utilities have been severed from site services in accordance with the Utilities Agreement.

Phase II, Upper Hill Road Reconstruction Project: Engineering has been completed and approved by the Economic Development Administration, and the construction contract has been awarded to Sunesis Corporation. Construction is expected to begin in October.

Phase III, South Spine Road Construction Project/Smart Park: Engineering has been awarded to the firm of Barge, Waggoner, Sumner, and Cannon, and the work is expected to begin in January 2001.

MMCIC has chosen a site entrance design that reflects the Indian mound theme. It will feature a corrugated concrete wall and incorporate a metal sign with the MATC logo and name. The land leading up to the wall is slightly mounded, capturing the ancient history of the Mound site. The wall and associated electric lighting and storm drainage systems are under construction.

II.4.10.7 Future of the Sites

When Fernald and Mound eventually close, nearly 3,000 contractor employees will no longer work for the Department. There is no promise of long-term employment with DOE for work at these sites. The Department is working with community reuse organizations to identify reuse options for the assets of each site. Its 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.

II.4.10.8 Accomplishments and Lessons Learned

- Sale by DOE of the Mound site to MMCIC was documented in a formal signing ceremony in January 1998. By the end of FY 1999, the process of formally transferring selected land parcels to the community had begun.
- Fluor Daniel Fernald's Managed Attrition Program features the use of disciplined work force planning to make employees aware of their potential employment status 2 years in advance. Under the program, employees in insecure skill areas may agree to voluntarily separate at a future date and begin receiving tailored transition benefits. It is Fluor Daniel Fernald's goal that all employees have new jobs when their employment at Fernald is terminated. In May 1998, Fluor Daniel Fernald's contract to operate the Fernald site was extended through November 2000.
- Fluor Daniel Fernald and the Fernald Atomic Trades and Labor Council signed a 5-year labor agreement covering transformation of the site from production to remediation. The contract provides for a work force with sufficient mobility and flexibility to complete a significant portion of site remediation by contract end.

- Technology-assisted learning through satellite systems and the Internet is proving most effective in helping workers prepare for transition to new careers once cleanup is completed. Since its initiation 2 years ago, the program has grown to the point that it now boasts triple the original number of students, including contractor and federal employees from the Mound and Fernald sites. Classes range from degree to certification programs in engineering, environment, nuclear sciences, business, and security.
- Responding to employee concerns, Fluor Daniel Fernald's Career Development Center worked with local colleges and universities to create a deferred payment program that would allow employees registering for classes to avoid the up-front tuition payment typically required by those institutions. Once an employee successfully completes their program with a minimum "C" average, that employee is reimbursed for tuition and other costs and settles their account with the appropriate institution.
- Fluor Daniel Fernald implemented a craft certification program through which workers in all crafts have an opportunity to upgrade their skills to another status. As the site downsizes and cleanup projects are completed, workers in skilled crafts will receive preferential hiring at 32 other Fluor Daniel locations throughout the country and the world.
- Through its property donation program, BWO in FY 1998 donated over 230 pieces of computer equipment, furniture, and laboratory equipment to local schools. The program goal is to upgrade the facilities of approximately 300 schools.
- Fluor Daniel Fernald's Career Development Center continues to work closely with employees in providing creative professional development and training opportunities. As a key element of the firm's Managed Attrition Program, the Center was accessed by an average of over 500 employees per month.
- Fluor Daniel Fernald's Managed Attrition Program reduced the site's attrition rate to approximately 4 percent by encouraging key skilled employees to continue working at the site while beginning their transition planning. Prior to the program, attrition was running up to 8 percent, with key skilled workers leaving the site. The average separation cost for workers leaving under the Managed Attrition Program is about \$5,500, which compares favorably with the estimated average of \$7,700 for those same workers under involuntary severance.

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- BWXTO anticipates some rightsizing will take place due to the flat funding arrangement. After the rebaselining has occurred, the skills mix will be adjusted as necessary.

II.4.11 Pantex Plant

II.4.11.1 Background

The Pantex Plant (Pantex), located in Amarillo, Texas, provides the capabilities to assemble nuclear and non-nuclear components into nuclear weapons, to disassemble retired nuclear weapons, and to perform surveillance activities to ensure stockpile reliability and safety. Pantex has been operating as a nuclear weapons facility for 48 years.

As a Department of Energy (DOE) facility, Pantex works in partnership with laboratories, universities, and industry to enhance the security of the Nation. Pantex 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.4.11.2 History of 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 being the only nuclear weapons disassembly plant in the country. In April 1996, in response to funding cutbacks of \$28 million over a 2-year period, the first Pantex Work Force Restructuring Plan was created and implemented. Senior management immediately established external hiring controls, work force planning, and internal realignment and restructuring processes. During FY 1997 and FY 1998, there were 471 separations at Pantex; 342 non-retirement voluntary separations and 129 through net attrition.

During FY 1999, one Assistant Plant Shift Superintendent who initially accepted the Voluntary Separation Incentive Program (VSIP) offer was rehired—the first such rehire since VSIP was initiated in February 1997. No formal work force restructuring occurred during FY 1999. A total of 16 positions were reduced through attrition in FY 1999.

BWX Technologies Pantex, LLC (BWXT Pantex) became the new management and operating contractor on February 1, 2001.

II.4.11.3 Current Work Force Restructuring

In FY 2000, a second, smaller work force restructuring was implemented to address skill mix issues and retain the critical skills needed to perform future mission work. The specific goals of the work force planning and realignment processes are to retain critical skills, minimize

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involuntary layoffs, streamline the infrastructure, support weapons program requirements, and support the Department’s key initiatives.

As attrition occurs without replacement, senior management takes the opportunity to collapse divisions, integrate departments, and reduce duplication of effort. As a result, Pantex is now operating with a leaner, more efficient structure.

In FY 2000, there was a total of 77 separations. Of these, 52 were non-retirement voluntary separations, and 25 were losses through attrition. There were no involuntary separations. In addition, 21 employees were placed internally throughout the plant; 16 with retraining and 5 without retraining (Exhibit II.24).

	Site: Pantex Plant	FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	77	\$0	\$721,182	\$721,182	\$9,366
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	52	\$0	\$721,182	\$721,182	\$13,869
1.3	Net Positions Reduced Through Attrition	25	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
2.1	With Benefits	0	\$0	\$0	\$0	\$0
2.1.1	Non-Construction Workers	0	\$0	\$0	\$0	\$0
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	77	\$0	\$721,182	\$721,182	\$9,366
3.0	Remaining Affected Workers		\$0	\$0	\$0	\$0
3.1	Workers Placed Without Retraining	5	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	16	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$0	\$83,218	\$83,218	
4.1	Displaced Worker Medical Benefits	15	\$0	\$47,453	\$47,453	\$3,164
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	16	\$0	\$35,765	\$35,765	\$2,235
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$0	\$804,400	\$804,400	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	77	n/a	n/a	n/a	\$11,747
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	52	n/a	n/a	n/a	\$17,394
8.0	INVOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.24 Pantex Plant Work Force Restructuring Summary

Pantex continues its efforts to enhance reduction of staff through attrition, facilitate the reassignment of employees in surplus positions, and maintain Pantex’s critical skills. This restructuring process focuses on internal resolution of encumbered surplus positions, as well as

creation of appropriate mechanisms for productive use of employees in surplus positions until such time as they are successfully placed in funded vacancies. During FY 2000, 100 percent of the employees identified in surplus positions were reassigned and trained in funded openings or voluntarily left the company.

Outsourcing. An Integrated Supplier Program was continued in FY 2000, resulting in cost savings of approximately \$800,000. Pantex electrical supplies are outsourced to Nunn Electric Supply, which maintains inventory and provides full staffing support for the entire stock of electrical supplies required for continuous operations at Pantex.

Rehires. None of the employees terminating under the FY 2000 VSIP have been rehired.

II.4.11.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at Pantex was \$804,400 (Exhibit II.24). The average cost for fully-burdened, non-retirement voluntary separations was \$17,394. The average cost of displaced worker medical benefits was \$3,164; and the average cost for education assistance was \$2,235. Average savings in salary and benefits for the 77 positions reduced were nearly \$6.0 million, for a one-time severance cost of \$721,182.

In July 2000, an effort was made to estimate the cost per employee separation package should it become necessary to conduct a voluntary reduction-in-force. The estimate was based on calculations for the contractual lump sum payment for separation, educational assistance, displaced worker medical benefits, and outplacement services. Through the use of creative methods such as in-house outplacement services, Pantex was able to reduce the average cost per VSIP employee by 15 percent—i.e., \$15,000 per participant.

II.4.11.5 Outplacement

There were 52 reductions-in-force at Pantex during FY 2000 by means other than attrition. Outplacement services were provided in-house at no additional cost to the Department. However, outplacement services costs were included as a contingency in the draft section 3161 plan submitted to DOE on July 28, 1999.

Preference-in-Hiring. Individuals separating from FY 1997 through FY 2000 did so voluntarily and were not eligible for preference-in-hiring at Pantex or other DOE sites. Therefore, no former Pantex employees were preference-in-hiring eligible in FY 2000 nor were any former employees rehired in FY 2000 through the preference-in-hiring program.

II.4.11.6 Future of the Site

Future work at Pantex, as at other DOE facilities, depends 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. The Pantex budgeted workload for FY 2001 will support a population increase to approximately 3,000. However, projections call for continued changes in worker population. Reductions are expected for the period 2002 through 2005, then increases in projected workload for Weapons Life Extension Program activities, together with increased surveillance activities, will require an increase in staff. These higher staff levels will continue from FY 2006 through FY 2016, at which point the workload will again level off, the focus being continued evaluation and maintenance of the stockpile. A potential START III treaty would also have an impact on long-term work at Pantex. Optimally, a workload leveling could be implemented to maintain the expertise of critical personnel through perhaps the next two decades. The ratio of scientists and engineers to technicians may increase due to the changes in work requirements over time. 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.

II.4.11.7 Accomplishments and Lessons Learned

Accomplishments:

Since the initial reduction of funding in FY 1997, Pantex has successfully reduced staffing from 3,327 employees to 2,764 employees (as of the end of FY 2000). Of these separations, 342 were attributed to the VSIP offered in FY 1997, 52 in FY 2000, and the remaining to normal attrition. Employees in surplus positions have been successfully retrained and reassigned to needed positions left vacant through attrition.

Lessons Learned:

The uncertainty of future funding impacts confidence in job stability, resulting in the loss of critical skills at Pantex. Incentives to retain employees with skills in demand at the plant are helpful, but cannot compete with a more secure position offered externally. A critical factor in job stability is to finalize long-range work requirements and funding.

II.4.12 Pinellas Plant

II.4.12.1 Background

The Pinellas Plant (Pinellas), located in Largo, Florida, manufactured neutron generators and other components from 1957 to 1994. In FY 1994, the Department of Energy (DOE) initiated its weapons complex reconfiguration plan, which included termination of all defense programs activities at the Pinellas Plant. The decision was announced to close Pinellas and to eliminate the just over 1,000 jobs by the end of FY 1997. From FY 1994 through FY 1997, the Pinellas Plant was placed in a safe condition, contaminated areas were cleaned, and all site property, materials, equipment, and records were disposed of. The Department sold the Pinellas Plant to a local economic development agency in FY 1995.

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 no longer associates DOE with the Pinellas Plant. The Department has successfully concluded the work force restructuring, cleanup, and contract closeout activities at Pinellas.

II.4.12.2 Community Transition

In August 1993, the Pinellas community formed a task force consisting of national, state, local, political, business, and special interest organizations that 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 DOE in January 1995.

As of September 30, 2000, a total of slightly more than \$18.2 million has been committed to the CRO, almost all of which has been spent. A total of 2,847 jobs has been created or retained, with an additional 713 projected by the year 2003 (Exhibit II.25).

Exhibit II.25 provides a summary of all projects funded between FY 1994 and September 30, 2000.

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FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Community Stakeholder Planning*	\$400,000	\$100,000	\$500,000	\$500,000	0	\$0	0
Innovation Commercialization Program (ICP)	\$587,000	\$0	\$587,000	\$587,000	450	\$1,304	450
Pinellas Plant Sale Transition	\$10,243,000	\$0	\$10,243,000	\$10,223,300	2,137	\$4,784	2,850
Pinellas Plant Seed Projects ¹	\$1,275,000	\$0	\$1,275,000	\$1,275,000	24	\$53,125	24
Pinellas Plant Spin-Offs	\$200,000	\$0	\$200,000	\$200,000	9	\$22,222	9
Seed/Challenge Funds ¹	\$579,700	\$0	\$579,700	\$579,700	15	\$38,647	15
Suncoast Manufacturing Technology Center (SMTC)	\$334,700	\$0	\$334,700	\$334,700	125	\$2,678	125
Technology Deployment Center ²	\$4,388,000	\$0	\$4,388,000	\$4,388,000	87	\$50,437	87
CRO Administration*	\$109,900	\$0	\$109,900	\$79,500	0	\$0	0
Totals	\$18,117,300	\$100,000	\$18,217,300	\$18,167,200	2,847	\$6,381	3,560

* Funds used for planning or administrative purposes. Job creation not intended.
 Note: See Appendix G for footnotes.

Exhibit II.25 Pinellas Plant Community Transition Funding and Job Creation by Project

The following is an update on the major accomplishments of selected projects approved by the CRO:

- The Pinellas Science, Technology and Research (STAR) Center has leased 550,170 square feet of former Pinellas Plant space to 23 tenants (95 percent occupancy). Former Pinellas Plant employees have filled about 12 percent of the tenants' jobs. A total of 2,137 jobs has been created or retained at the STAR Center alone as of September 30, 2000.
- Industrial use of the plant saved more than \$29.0 million by avoiding cleanup and support costs that would have been incurred under General Services Administration disposal. Construction was completed on the facade of the main building for the purpose of installing elevators for multiple tenants and modernizing the facility. The anchor tenant, Raytheon, has completed its move-in and now has over 1,000 employees at the site.
- The University of South Florida Technology Deployment Center (TDC), in cooperation with the CRO, completed its projects with STAR Center businesses. The last award made by TDC was for the microfabrication laboratory at the STAR Center. The \$242,000 in funds, and reuse of former Pinellas Plant equipment, provide a laboratory unique in Florida. This laboratory will operate as a user facility to support prototyping and small-volume production for universities and businesses in the area.

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- The Pinellas STAR Center has made a significant economic impact on the Tampa Bay Community. The 24 organizations (including the Pinellas STAR Center) had a total annual payroll of approximately \$45.0 million. These organizations also pay more than \$15.0 million annually for goods and services from vendors in the community, and about \$250,000 in property taxes to Pinellas County, not including sales taxes and other taxes to the state and county.
- The Pinellas STAR Center received the first-place award for Regional Economic Development Program Incentives from *Business Facilities* magazine in November 1999. The magazine's motto is "The #1 Source for Corporate Site Selectors."
- Total matching funds, primarily from project income, tenant dollars for renovation and area preparation, and third-party developers, climbed to approximately \$29.6 million since the inception of the project in March 1995. The developer's investment is in the form of road and utility service improvements to the vacant 22.5 acres, and includes two new buildings with a third on the drawing board.

II.4.13 Portsmouth/Paducah Gaseous Diffusion Plants

II.4.13.1 Background

The Portsmouth Gaseous Diffusion Plant (Portsmouth), built in the 1950s, was needed to provide uranium-235 at rates substantially above those of the existing production facilities at Oak Ridge, Tennessee, and Paducah, Kentucky. Portsmouth was chosen in the late 1970s as the site for a new enrichment facility using 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 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. Its mission of uranium enrichment has remained unchanged, and the original facilities are still in operation, albeit substantially upgraded and refurbished.

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, the Department of Energy (DOE) and USEC entered into a 6-year lease effective July 1, 1993.

USEC became a private corporation on July 28, 1998. The company's mission is to be recognized as highest-quality, lowest-cost, and thus preferred-producer of enriched uranium. This mission is vital in developing and maintaining a 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.4.13.2 History of Work Force Restructuring

Work force restructuring at Portsmouth and Paducah began with comprehensive work force planning between USEC and the site operating 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.

In FY 1997, Portsmouth developed a Work Force Restructuring Plan for both Portsmouth and Paducah. The work force restructuring program and benefits paralleled those provided to

Lockheed Martin Energy Systems (LMES) employees under the Oak Ridge Work Force Restructuring Plan. In FY 1997, Portsmouth separated 104 employees, 37 voluntarily and 67 involuntarily. In FY 1997, Paducah separated 14 employees, 7 voluntarily and 7 involuntarily.

The Department and USEC entered into a Memorandum of Agreement (MOA) on June 30, 1998, relating to the administration of worker transition services as part of the privatization agreement at the gaseous diffusion plants (GDPs).

The MOA provides a Voluntary Separation Incentive Program (VSIP) and establishes a fund to cover separation costs above those offered as part of USEC policy and to provide community transition assistance. The MOA covered the 2 years following the privatization decision, and worker separations during this period were limited to 500 positions.

A total of 499 workers were separated through this VSIP during this period, including 306 workers at Portsmouth and 193 at Paducah, consistent with the business needs of USEC. Workers are employed by LMUS.

Prior to implementation of the MOA in FY 1998, there were 53 worker separations at Portsmouth, including 40 non-retirement voluntary separations with enhanced benefits and 13 early retirements. There were no involuntary separations. In FY 1998, four employees at Paducah elected the voluntary enhanced benefits separation program, which provided an opportunity for the transfer of employees from Portsmouth.

USEC has been successful in reassigning employees who were in positions no longer consistent with its business needs. In addition, training programs have been used to allow impacted workers to be retrained at the GDPs. As a result, no involuntary separations occurred in FY 1999.

II.4.13.3 Current Work Force Restructuring

On February 3, 2000, USEC announced its intention to reduce 850 positions at the Portsmouth and Paducah GDPs beginning in July 2000. According to the announcement, the company had concluded that these reductions were required in response to declining market conditions to which the privatized company is vulnerable. Subsequently, due to continued normal rates of attrition, more project and DOE work than had been anticipated in February 2000, and other factors, the number of anticipated reductions was adjusted by USEC from 850 to approximately 436.

As a result, USEC reduced 309 workers at Portsmouth (Exhibit II.26) and 127 workers at Paducah (Exhibit II.27), as part of this restructuring. There were a total of 310 non-retirement voluntary separations; 206 at Portsmouth and 104 at Paducah. The average cost of

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non-retirement, fully-burdened voluntary separations was \$13,075 at Portsmouth and \$16,747 at Paducah. A total of 126 workers were involuntarily separated as part of this restructuring; 103 at Portsmouth and 23 at Paducah. The average cost of involuntary separation with benefits was \$10,913 at Portsmouth and \$10,056 at Paducah. A total of 247 displaced workers received outplacement services at Portsmouth for a total cost of \$96,579. At Paducah, 94 displaced workers received outplacement services for a total cost of \$118,760. A total of four employees received relocation assistance, two at Portsmouth and two at Paducah at an average cost of \$5,039 per employee at Portsmouth and \$5,000 at Paducah. Educational benefits were provided to 13 displaced workers in FY 2000, 12 at Portsmouth and 1 at Paducah. The average educational benefit was \$524 at Portsmouth and \$410 at Paducah.

Site: Portsmouth		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	206	\$1,885,361	\$81,922	\$1,967,283	\$9,550
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	206	\$1,885,361	\$81,922	\$1,967,283	\$9,550
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	103	\$0	\$760,987	\$760,987	\$7,388
2.1	With Benefits	103	\$0	\$760,987	\$760,987	\$7,388
2.1.1	Non-Construction Workers	103	\$0	\$760,987	\$760,987	\$7,388
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	309	\$1,885,361	\$842,909	\$2,728,270	\$8,829
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$112,941	\$0	\$112,941	
4.1	Displaced Worker Medical Benefits	0	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	2	\$10,077	\$0	\$10,077	\$5,039
4.3	Separating or Separated Workers Using Outplacement	247	\$96,579	\$0	\$96,579	\$391
4.4	Education Assistance for Separated Workers	12	\$6,285	\$0	\$6,285	\$524
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$1,998,302	\$842,909	\$2,841,211	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	309	n/a	n/a	n/a	\$12,354
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	206	n/a	n/a	n/a	\$13,075
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	103	n/a	n/a	n/a	\$10,913
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.
Note: Site headcount not included in total DOE headcount since privatization.

Exhibit II.26 Portsmouth Work Force Restructuring Summary

Outsourcing. USEC provides certain site services in support of DOE-funded environmental activities at Portsmouth and Paducah. The scope of those site services was reduced during

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Site: Paducah		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	104	\$1,076,722	\$298,321	\$1,375,043	\$13,222
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	104	\$1,076,722	\$298,321	\$1,375,043	\$13,222
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	23	\$0	\$150,221	\$150,221	\$6,531
2.1	With Benefits	23	\$0	\$150,221	\$150,221	\$6,531
2.1.1	Non-Construction Workers	23	\$0	\$150,221	\$150,221	\$6,531
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	127	\$1,076,722	\$448,542	\$1,525,264	\$12,010
3.0	Remaining Affected Workers		\$0	\$0	\$0	\$0
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$129,170	\$0	\$129,170	\$0
4.1	Displaced Worker Medical Benefits	0	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	2	\$10,000	\$0	\$10,000	\$5,000
4.3	Separating or Separated Workers Using Outplacement	94	\$118,760	\$0	\$118,760	\$1,263
4.4	Education Assistance for Separated Workers	1	\$410	\$0	\$410	\$410
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$1,205,892	\$448,542	\$1,654,434	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	127	n/a	n/a	n/a	\$15,535
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits) ¹	104	n/a	n/a	n/a	\$16,747
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	23	n/a	n/a	n/a	\$10,056
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.
Note: Site headcount not included in total DOE headcount since privatization.

Exhibit II.27 Paducah Work Force Restructuring Summary

FY 2000, contributing in part to USEC's work force restructuring. A program to provide strong hiring preference for displaced USEC workers at the GDPs is in place, including specific agreements with bargaining units at the sites. As a result of these programs, 43 Paper, Allied-Industrial, Chemical, and Energy Workers International Union (PACE) members at Portsmouth and one at Paducah have been hired by Bechtel Jacobs Company (BJC) or its subcontractors.

Rehires. There were 36 rehires at Portsmouth and Paducah during FY 2000. Of this total, 24 were rehired at Portsmouth, and 12 were rehired at Paducah.

Privatization. USEC became a private corporation on July 28, 1998. On May 28, 1999, LMUS employees became USEC employees. USEC no longer employs LMUS as its operating contractor. Currently, 3,260 workers are employed at the GDPs, 1,726 at Portsmouth and 1,534

at Paducah. As of September 30, 2000, DOE is funding work activities covering approximately 475 to 500 of these workers, including overhead staff.

II.4.13.4 Costs and Cost Savings

Under an agreement with USEC, and consistent with its responsibilities under the USEC Privatization Act, the Department covers costs associated with the lump sum payments, minus a \$2,500-per-worker contribution from USEC. DOE program costs total about \$1,300,000 or roughly \$3,000 per participant while DOE enhanced benefit liabilities total approximately \$3.2 million. The total DOE cost associated with this restructuring is estimated to be just under \$4.5 million. The total USEC contribution for regular and enhanced severance payments during FY 2000 was approximately \$1.7 million; \$1.2 million for the Portsmouth site and \$.5 million for the Paducah site.

II.4.13.5 Outplacement

Career Resource Centers have been established at both Paducah and Portsmouth. The Centers are staffed with individuals who provide focused, individualized services to each visiting employee. USEC site coordinators have been assigned to each Center, with additional support being provided by StarAccess, a provider of career management services. USEC employees will also receive a variety of services from teams formed from community organizations of the Paducah Area Community Reuse Organization; the Southern Ohio Diversification Initiative; the Kentucky Office of Retraining and Re-Employment; Community Action Organizations; the Ohio Job and Family Services; and local educational institutions. These organizations, in cooperation with StarAccess, assisted Portsmouth in helping 149 displaced workers find new positions in FY 2000. Less than 100 separated Paducah employees participated in outplacement services and 54 of these were placed in new positions.

The purpose of the Career Resource Centers is to assist displaced workers in developing career plans, executing job searches, and looking for retraining and employment opportunities. They 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 include assistance in preparing resumes and cover letters, filling out requests for training records and transcripts, and reproducing and transmitting materials. A library of resource materials is located at each Center.

Preference-in-Hiring. One section 3161-eligible employee was rehired at Portsmouth during FY 2000. Preference-in-hiring is provided at Paducah to the extent warranted by budget restraints, contractual provisions, and worker qualifications.

II.4.13.6 Community Transition

Portsmouth. The Southern Ohio Diversification Initiative (SODI) was incorporated in July 1997 to serve as the community reuse organization (CRO) for the DOE Portsmouth site. Prior to incorporation, a \$500,000 planning grant was awarded to the Ohio Valley Regional Development Commission (OVRDC) for community transition activities. SODI operated under the auspices of OVRDC from February 1996 until DOE implementation funds were awarded in 1998.

As of September 30, 2000, a total of \$10.5 million had been committed to SODI for implementation of community transition projects, slightly over \$6.3 million of which have been spent (Exhibit II.28). A total of 381 jobs have been created, with an additional 513 jobs expected to be created by FY 2003. One of the projects, Zahn's Corner Industrial Park, had an early start with \$495,000 in funding from DOE in April 1998; no other SODI projects received funding until September 1998.

Exhibit II.28 provides a summary of all projects funded between FY 1996 and September 30, 2000.

FY 1996 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Zahn's Corner 1	\$495,000	\$0	\$495,000	\$495,000	0	\$0	0
Zahn's Corner 2	\$1,500,000	\$0	\$1,500,000	\$1,342,055	150	\$8,947	400
Zahn's Corner 3	\$287,000	\$0	\$287,000	\$0	0	\$0	0
New Boston Soils	\$696,000	\$0	\$696,000	\$696,000	0	\$0	0
New Boston Building	\$1,104,000	\$0	\$1,104,000	\$1,104,000	150	\$7,360	300
New Boston Port	\$500,000	\$0	\$500,000	\$0	0	\$0	0
Sarah James Jackson County	\$650,000	\$0	\$650,000	\$0	0	\$0	0
Worker Training	\$500,000	\$0	\$500,000	\$4,000	0	\$0	0
Gateway Industrial Park Ross Co.	\$475,000	\$0	\$475,000	\$329,903	0	\$0	0
Reindustrialization	\$238,000	\$0	\$238,000	\$0	0	\$0	0
Incubator Study*	\$35,000	\$0	\$35,000	\$35,000	0	\$0	0
Enterprise Training and Development ¹	\$1,000,000	\$0	\$1,000,000	\$200,000	3	\$66,667	100
Pike County Airport Fuel ²	\$80,000	\$0	\$80,000	\$80,000	0	\$0	4
Regional GIS*	\$1,399,996	\$0	\$1,399,996	\$1,034,642	0	\$0	0
Mead Sublease from DOE ³	\$0	\$0	\$0	\$0	15	\$0	25
OVRDC CT Planning Grant	\$500,000	\$0	\$500,000	\$500,000	60	\$8,333	60
Administration*	\$1,040,004	\$0	\$1,040,004	\$510,953	3	\$170,318	5
Totals	\$10,500,000	\$0	\$10,500,000	\$6,331,553	381	\$16,618	894

* Funds used for planning and administrative purposes. Job creation not intended.
Note: See Appendix G for footnotes.

Exhibit II.28 Portsmouth Community Transition Funding and Job Creation by Project

Highlights and major accomplishments of the SODI for FY 2000 are as follows:

- Success in various funding initiatives have permitted steady progress in development of Zahn's Corner Industrial Park and associated job creation. Currently, more than 300 acres have been purchased, security fences have been installed, and engineering work is complete. The new tenant onsite is Mill's Pride, LLC. The Mill's Pride project includes the construction of a 1 million-square-foot distribution facility, a \$57 million private investment, and the creation of 150 jobs. SODI also secured a \$300,000 grant from the State of Ohio Department of Development to defray infrastructure improvement and sewer and water costs incurred as a result of the 180-acre expansion of the park.
- Substantial job protection and creation are the hallmarks of recent developments in connection with the New Boston Industrial Park project. As part of the project, renovation of the old Detroit Empire Steel Company's shipping building has been completed, and the building's new tenant, Shelton Industry, Inc., has created 150 jobs. The project is retiring a mortgage on approximately 20 acres from the next parcel to be developed; i.e., a parcel currently owned by the Southern Ohio Port Authority (SOPA). The additional parcel will allow SOPA to obtain a docking permit and install a conveyor system. In addition to creating an estimated 10 new jobs, this docking facility will save the 225 existing jobs at the Coke Plant in New Boston.
- In its early stages, the Enterprise Training and Development Program is a resounding success. SODI issued a press release to the USEC employee population, to make the workers aware of opportunities for starting a new business or expanding an existing one. Pike Community Action Committee (CAC) staff have attended training to update the development-training curriculum of the Enterprise Training and Development Program, which has been endorsed by the State of Ohio Department of Development. This Program has closed on five new loans, enabling community residents to start new businesses in the area. Eighty individuals have completed the Enterprise Training and Entrepreneur Classes offered and taught by the Pike CAC staff. Loans for five new businesses have been approved, and four others are being evaluated.
- The Geographic Information System (GIS) for the four-county region is part of the region's economic development infrastructure. It is assisting the counties and communities in planning for future growth and maintaining a competitive edge while attracting industry, commerce, and jobs. The Ross County GIS project assisted the Ross County Commissioners in developing a Land Use and Development Plan. The Plan encourages rural development that entails keeping

the demand for new public services at a minimum, paying for needed new facilities as appropriate, and minimizing the development of farmland. The Scioto County GIS project has successfully completed and implemented the Orthophoto base-mapping portion. The county was able to leverage additional funds of \$1.2 million with DOE's initial investment of \$349,999 to continue the GIS project.

- Jackson County's speculative building in the Sarah James Industrial Park was made possible by \$650,000 in federal funding from DOE and SODI. Additional funding has been secured from the State of Ohio and City of Jackson. The new building will attract high-tech industry to the city, and a SODI database will be used to track displaced DOE workers in the local population and notify them of project-related opportunities.
- SODI and DOE have teamed up to implement several proposals for the reuse of excess property at the Piketon Site. SODI finalized a lease of 12 acres in the northeast corner of the plant site to permit use of the rail facilities for the transfer of bulk materials. Several local industries expressed interest in using the track to load cars for commodities such as sand, gravel, and road salt. An easement for water and sewer lines was granted to SODI to enable it to provide potable water and sewer service to the tenants of the Scioto Township Industrial Park. A Memorandum of Agreement is being negotiated between SODI and DOE, and construction of the new lines is expected to begin in March 2001. Obtaining the water and sewer service from the plant will save the community nearly \$2 million.
- In partnership with USEC, and in specific response to the needs of the 280 USEC workers affected by the July 14, 2000 downsizing, SODI established the SODI/USEC Career Center in the Village of Piketon, which opened on May 8, 2000.
- SODI secured funding for the downsized workers at the Portsmouth and Paducah GDPs from the Department of Labor's Trade Adjustment Assistance (TAA) Program. The TAA Program makes all workers laid off from April 10, 1999, through 2 years from the date of certification eligible for adjustment assistance under section 223 of the Trade Act of 1974. The special assistance includes training, job search allowances, relocation allowances, other reemployment services, and trade readjustment allowances.
- SODI and USEC have announced funding under the Early Incentive Educational Assistance Program of \$150,000 for employees currently employed at the Portsmouth GDP. This Program will assist any current full-time USEC employee

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at Portsmouth in pursuing education in areas not funded under the site's current Educational Assistance Program. As of the end of FY 2000, 150 employees are enrolled in this program.

Paducah. The Paducah-Area Community Reuse Organization (PACRO) was established in August 1997 in order to mitigate the effects of DOE restructuring at the Paducah GDP in Paducah, Kentucky. The PACRO impact area was designed to represent the counties in which the majority of the Paducah work force live: McCracken, Ballard, Graves, and Marshall Counties in western Kentucky, and Massac County in southern Illinois.

The PACRO is governed by a 26-member Executive Committee representing such areas as business, labor, education, and economic development within the counties of impact. Advising the Executive Committee is a General Assembly of approximately 60 members who participate on various PACRO subcommittees. Also in the PACRO hierarchy is a 10-member Finance Committee—from the membership of the Executive Committee—that meets monthly to approve all matters of finance.

As of September 30, 2000, a total of \$8.4 million has been committed to the CRO, of which nearly \$4.7 million have been spent. A total of 164 jobs have been created, with an additional 78 jobs expected to be created by FY 2003 (Exhibit II.29).

Exhibit II.29 reflects DOE Planning Grant funds allocated to and expended by the PACRO between FY 1998 and September 30, 2000.

FY 1998 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
FY 1998 Planning Grant*	\$400,000	\$0	\$400,000	\$400,000	0	\$0	0
Entrepreneurial Development	\$608,218	\$0	\$608,218	\$451,380	45	\$10,031	28
Facility Reuse	\$448,000	\$0	\$448,000	\$133,328	0	\$0	45
Industrial Parks, Sites & Spec Buildings ¹	\$5,436,410	\$0	\$5,436,410	\$3,422,686	103	\$33,230	129
Regional Marketing	\$115,000	\$0	\$115,000	\$14,980	0	\$0	3
Work Force Reuse	\$439,500	\$0	\$439,500	\$66,351	16	\$4,147	20
Existing Business and Industry	\$372,397	\$0	\$372,397	\$15,152	0	\$0	17
Administration*	\$580,475	\$0	\$580,475	\$183,125	0	\$0	0
Totals	\$8,400,000	\$0	\$8,400,000	\$4,687,002	164	\$28,579	242
* Funds used for planning or administrative purposes. Job creation not intended. Note: See Appendix G for footnote.							

Exhibit II.29 Paducah Community Transition Funding and Job Creation by Project

The following is an update on the recent activities of PACRO:

- ***The Entrepreneurial Program.*** PACRO has continued the marketing of its programs to USEC. Included are orientations, workshops, and follow-up loan applications to qualified displaced USEC employees. PACRO established a revolving loan fund of \$402,718 during this period. Three loans totaling \$149,275 have been approved for USEC employees, thereby creating 3 new jobs and permitting the retention of 95 jobs.
- ***Existing Business Program.*** PACRO continues in the search for a PACRO Existing Business and Industry Director and in the implementation of its work scope.
- ***Facility Reuse Program.*** PACRO is continuing in its efforts to identify a possible use for the nickel onsite and its search for a contractor with the capability to develop a product that can be leased, the understanding being that the nickel is not allowed into the open market unless the Secretary of Energy releases it.
- ***Industrial Parks, Sites and Speculative Buildings Program.*** PACRO has submitted for approval the fifth sub-grant study of the regional industrial park, and continues in its monitoring of sub-grants, one being credited with retaining 103 jobs. With the receipt of an additional \$2 million in grant funds and a commitment of \$460,000 out of an original \$948,000 grant for the Facility Reuse Program, a revolving-loan fund of \$2.4 million was created for use by the five impacted counties in industrial park development. The final grant monies have been obligated through contracts with the remaining counties for a total of \$5,436,410.
- ***Work Force Reuse Program.*** This year, PACRO continued dissemination of USEC employer and employee surveys, collection of the survey data, and use of the databases to assist in the placement of displaced USEC employees. Program effectiveness has been evident since announcement of the impending closure of the Portsmouth GDP, and the requirement for increased production at the Paducah GDP. PACE has credited this program for the reemployment of all PACE employees who have applied for work onsite.

II.4.13.7 Future of the Sites

On June 21, 2000, USEC announced that it will cease uranium enrichment at Portsmouth, beginning in June 2001. After enrichment ceases, several stages of work force restructuring will occur as USEC prepares for returning the enrichment portion of the plant to DOE by June 2002.

USEC will continue to operate its transfer and shipping operations at Portsmouth for 4 to 5 years after enrichment has ceased.

On October 6, 2000, the Department announced an initiative to secure the supply of enriched uranium in the United States. This initiative includes maintaining the Portsmouth facility in a cold standby status, winterizing of facilities, and providing worker and community transition assistance. The initiative will be initially funded by a pending FY 2001 reprogramming. Sufficient funds to continue cold standby activities were requested in the FY 2002 budget.

Currently underway is an assessment to determine work skill requirements for these new missions, and to identify, to the extent practicable, opportunities to reassign workers displaced by USEC to these positions. In November 2000, USEC reached an agreement with the State of Ohio, as part of an arrangement to allow USEC to sell its low-cost power contracts, to provide a lump sum payment of \$8,400 to any Portsmouth worker who cannot be directly transitioned during the anticipated work force restructuring. A \$2 million payment will also be provided to SODI as part of this agreement. Displaced workers may also be eligible for Trade Adjustment Act Assistance through the Department of Labor. DOE is expected to consider additional steps to mitigate the impact of these anticipated changes and develop a successor work force restructuring plan for Portsmouth in FY 2001.

No additional work force restructuring is anticipated at Paducah in FY 2001.

II.4.13.8 Accomplishments and Lessons Learned

- On April 1, 1998, DOE and SODI finalized lease arrangements on a section of vacant land on the reservation. SODI subsequently negotiated a sublease arrangement with the Mead Paper Company for a portion of the land. Also, SODI worked with DOE, USEC, and LMUS to obtain usage of existing rail track for the Mead Paper Company. Currently, Mead is constructing a Merchandising Facility and Woodlands Roadcrew Operations Center at the site. There are 15 employees at the facility, and the numbers could increase to an estimated 25 full-time employees. The total private investment by the Mead Paper Company to date is an estimated \$3 million.
- The Zahn's Corner Project, one of SODI's priority off-site projects, is beginning to develop into a premier industrial park with the recent activities at the site. The Mill's Pride Company has constructed a 1 million-square-foot warehouse and distribution center. This first development in the Zahn's Corner Industrial Park created 150 full-time jobs and represents a private investment of \$57 million. SODI has been able to obtain several outside grants for infrastructure improvements as a result of DOE funds.

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- Ongoing communication between USEC, BJC, and DOE Field Office management has been improved and maintained.
- DOE's Office of Worker and Community Transition has approved the use of funds available under the USEC/DOE agreement to defray a portion of training costs for operator positions. This training could allow as many as 15 Protective Force employees who would otherwise have been separated to remain employed at Portsmouth.
- The New Boston Industrial Park, one of SODI's four industrial parks, has completed the renovation of an old Detroit Steel Mill building and has attracted a new tenant, Shelton Industries, which created 150 new jobs in the region.
- PACE ratified a labor agreement with BJC on July 14, 2000, to pave the way for workers to transition to cleanup jobs at Portsmouth. Approximately 50 displaced USEC workers transitioned to BJC, the management and integrating contractor for DOE at Portsmouth.

II.4.14 Rocky Flats Environmental Technology Site

II.4.14.1 Background

Today, the Rocky Flats Environmental Technology Site (RFETS) is an environmental cleanup site 15 miles northwest of downtown Denver, Colorado. Originally established as a nuclear weapons production facility, Rocky Flats' mission has now evolved into 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 for cleanup.

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 primary mission of the site was production of nuclear and non-nuclear components for the U.S. nuclear weapons arsenal. Production mission activities included plutonium and uranium metal working and fabrication, plutonium recovery and purification, 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 President George H.W. Bush'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 of Energy (DOE) announced that Rocky Flats would no longer have any nuclear weapons production mission.

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

On February 1, 2000, Kaiser-Hill began working under a new contracting arrangement with DOE. The contract, which will take the site through closure, is nearly 10 times the size of the only other existing closure contract in the DOE complex and has many key provisions that set it apart from any other DOE contract. It covers the full scope of work for the contract period, which runs from February 1, 2000, until closure project completion. The work scope is based on the Rocky Flats Cleanup Agreement and the Rocky Flats 2006 Closure Project Baseline.

II.4.14.2 History of Work Force Restructuring

Work force restructuring at Rocky Flats involves comprehensive work force planning tied to future budget projections and adjustments in the skill mix. Under the direction of contractor management, with DOE 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 projections of work force requirements by classification to meet project forecasts. The results are compiled and reviewed by DOE and the contractor in planning future work force restructuring.

Work force restructuring activities governed by section 3161 began at the Rocky Flats site in FY 1993. The prime contractor work force decreased from a total of 7,505 at the end of FY 1993 to a total of 3,410 at the end of FY 1997. From FY 1993 through FY 1997, three work force restructuring plans were implemented and several reductions occurred under each plan. None of these actions included early retirement incentives, although one early retirement program did occur in 1992. In FY 1998, there were 244 separations, 66 percent voluntary and 34 percent involuntary.

On December 1, 1998, a Voluntary Separation Payment Program (VSPP) was opened to Kaiser-Hill Team salaried employees who were eligible under the terms of DOE's RFFO Work Force Restructuring Plan Three, with the application period beginning that day and ending January 14, 1999. This offering was extended to address continued skill mix issues during FY 1999. As a result of improvements to the Kaiser-Hill Team Salaried Employee Retirement Plan, there was an extension of the VSPP application period through January 29, 1999. Further reductions that were not achieved through the December–January VSPP were primarily through involuntary separations.

During FY 1999, the Kaiser-Hill Team continued its efforts to appropriately size and configure the work force to most effectively meet the site's accelerated closure mission. As a result, additional restructuring actions took place during FY 1999. In FY 1999, there were 139 separations, including 86 non-retirement voluntary separations and 53 involuntary separations. In addition, there were 259 workers placed internally without retraining.

II.4.14.3 Current Work Force Restructuring

During FY 2000, with the implementation of the new closure contract and new organizational project structure, functions, and numbers of people needed to perform the work activities were identified. Employees who were not offered a position in the new structure were granted the benefits of Work Force Restructuring Plan Three. Kaiser-Hill continues in its efforts to appropriately size and configure the work force to most effectively meet the site's accelerated closure mission.

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During FY 2000, there were 129 separations at Rocky Flats, all involuntary and with benefits. In addition, 253 workers were placed internally without retraining, and there were 25 transfers to other sites (Exhibit II.30).

Site: Rocky Flats Environmental Technology Site		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	129	\$0	\$1,678,722	\$1,678,722	\$13,013
2.1	With Benefits	129	\$0	\$1,678,722	\$1,678,722	\$13,013
2.1.1	Non-Construction Workers	129	\$0	\$1,678,722	\$1,678,722	\$13,013
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	129	\$0	\$1,678,722	\$1,678,722	\$13,013
3.0	Remaining Affected Workers		\$0	\$0	\$0	\$0
3.1	Workers Placed Without Retraining	253	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	25	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$657,580	\$103,028	\$760,608	
4.1	Displaced Worker Medical Benefits	110	\$0	\$103,028	\$103,028	\$937
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	534	\$482,373	\$0	\$482,373	\$903
4.4	Education Assistance for Separated Workers	37	\$175,207	\$0	\$175,207	\$4,735
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$657,580	\$1,781,750	\$2,439,330	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	129	n/a	n/a	n/a	\$16,538
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	129	n/a	n/a	n/a	\$16,538
9.0	Other Separations	1	\$0	\$21,316	\$21,316	\$21,316
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	1	\$0	\$21,316	\$21,316	\$21,316

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.30 Rocky Flats Environmental Technology Site Work Force Restructuring Summary

Outsourcing. The Kaiser-Hill Team will retain employees with the skills required to deliver core activities at the site. Subcontractors not part of the Kaiser-Hill Prime Team may perform certain ancillary support activities that require either fluctuating staffing levels or specialized expertise.

Consistent with DOE policies and procedures, DOE's RFFO Work Force Restructuring Plan Three and, consistent with applicable collective-bargaining agreements, make-or-buy cost evaluation tools continue to be used to determine whether outsourcing will accomplish measurable cost savings or meet other outsourcing objectives. Staffing flexibility, avoidance of capital expenditures, increased efficiency, and access to expertise not available at the site are key considerations for 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 circumstances that have the potential to impact bargaining-unit employees.

There were no separations in FY 2000 as a result of outsourcing.

Rehires. During FY 2000, the Kaiser-Hill Team rehired 21 displaced workers.

II.4.14.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at Rocky Flats was slightly more than \$2.4 million, including \$657,580 in enhanced benefit costs and nearly \$1.8 million in program costs (Exhibit II.30). The average estimated fully-burdened cost per involuntary separation was \$16,538. Displaced worker medical benefits averaged \$937; outplacement assistance, \$903; and education assistance, \$4,735. The average savings in salary and benefits for the 129 positions reduced are nearly \$10 million, for a one-time severance cost of almost \$1.7 million.

II.4.14.5 Outplacement

The Rocky Flats Career Assistance Center, managed by the AFL–CIO Education and Training Office, offers a variety of services to displaced RFETS workers. 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, based on demand, various Workshops are conducted on assessment testing; unemployment survivability; job search techniques, with some attention accorded to “hidden markets;” and interview practice. The Center also administers the Displaced Worker Retraining Program, which provides tuition reimbursement to eligible displaced workers.

Effective July 1, 2000, the off-site and onsite Career Assistance Centers were consolidated into one onsite location to service eligible current and separated Rocky Flats workers. This Center is currently being managed by The Living Center. The contract between The Living Center and Kaiser-Hill Company will expire on September 30, 2001.

Preference-in-Hiring. The Kaiser-Hill Team’s integrated staffing program requires that displaced workers who have maintained their hiring preference receive preferential consideration for job openings that are to be filled from outside the current incumbent work force. Resumes of eligible former employees are maintained onsite, and access to the Jobs Opportunity Bulletin Board System (JOBBS) is available; in fact, JOBBS must be screened during the staffing

process. Compliance with preference-in-hiring requirements is routinely monitored by Kaiser-Hill Human Resources and DOE RFFO. This includes monthly spot reviews of new hire actions. As of September 30, 2000, 21 individuals were hired through preference-in-hiring, with 13 individuals remaining eligible for preference-in-hiring. There have been no rejections on preference-in-hiring offers. Owing to the imminent closure of the site, and the resulting need for different skill sets, the preference-in-hiring statistics are not as high as might be the case at a production site.

II.4.14.6 Community Transition

The Rocky Flats Coalition of Local Governments (Coalition) was established in February 1999 by an Intergovernmental Agreement among the seven local governments that border the RFETS or own open space adjacent to the site: Boulder County, Jefferson County, City of Arvada, City of Boulder, City of Broomfield, City of Westminster, and Town of Superior. The Coalition was designated the DOE Community Reuse Organization (CRO) for Rocky Flats in June 1999. Its mission is to provide an effective vehicle by which local governments in the vicinity of Rocky Flats and their citizens can work together on issues of mutual concern relating to the safe, prompt, and effective cleanup and closure of Rocky Flats. The Coalition also works on future use, long-term protection, worker protection and health issues, and facilitates communication between state and Federal Agencies and elected officials. As of September 30, 2000, a total of \$400,000 has been committed to the CRO; all of which has been spent (Exhibit II.31).

Exhibit II.31 provides a summary of all projects funded between FY 1994 and September 30, 2000.

FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Rocky Flats Coalition of Local Governments Operations*	\$400,000	\$0	\$400,000	\$400,000	0	\$0	0
Totals	\$400,000	\$0	\$400,000	\$400,000	0	\$0	0

* Funds used for planning or administrative purposes. Job creation not intended.

Exhibit II.31 Rocky Flats Environmental Technology Site Community Transition Funding and Job Creation by Project

The following information provides an update on the major accomplishments of selected projects funded by the CRO:

- **Worker Retention.** DOE's goal of cleaning up and closing down Rocky Flats is directly linked to its ability to maintain a qualified and experienced work force.

Central to accomplishing that goal is providing incentives for workers to remain as needed through closure. The Coalition has begun the complex task of identifying and bringing attention to the needs of the workers, as well as collaborating with elected officials and agencies on how best to meet them. This effort has included exploring options for maintaining a skilled work force by reviewing steps Rocky Flats has taken to retain DOE and contractor workers, as well as other relevant information.

The Coalition's preliminary analysis has included identifying the types of incentives DOE and Kaiser-Hill could provide. Potential incentives include adjustment of retirement programs, career planning and counseling, education and training assistance, outplacement assistance, and retention until the site determines that the employee's skills are no longer needed.

- ***Post-Closure Worker Health Benefits.*** Post-closure health benefits is an issue that is central to maintaining a skilled work force, as well as a critical element of the Federal Government's moral and, in certain cases, legal obligation to site workers. The Coalition has hosted public forums and educated elected federal officials on the long-term needs of site workers. This work has included attending monthly meetings with workers, as well as meeting monthly with the staff of Congressman Mark Udall to discuss worker health and safety issues.
- ***Beryllium and Radiation Compensation Legislation.*** The Coalition has also worked to bring awareness to the plight of sick current and former workers. The Coalition Board worked with site labor representatives to ensure that their concerns are known and understood by elected officials both in Colorado and Washington, D.C.
- ***Long-Term Protection.*** Rocky Flats' long-term value to the community is directly linked to the successful cleanup and closure of the site and to the development and implementation of a future use plan. During FY 2000, the Coalition continued to define its vision for the cleanup and closure of Rocky Flats and conveyed this vision to DOE, the regulators, and other elected officials. This effort included, in part, evaluating decontamination and decommissioning and environmental restoration planning, implementation, and oversight for the protection of workers and neighboring communities, and for compliance with future use and long-term protection goals.
- ***Stewardship Planning.*** The Coalition is charged with protecting the surrounding communities from any adverse effects that would result from an inadequate or incomplete site cleanup. Central to this goal is ensuring that steps are taken to

include a stewardship analysis during the remedy selection process, as well as developing a comprehensive stewardship plan for the site. Over the past quarter and the prior three quarters, the Coalition has continued to co-host the Rocky Flats Stewardship Working Group. The Working Group includes representatives of the Coalition, the Rocky Flats Citizens Advisory Board, the Colorado Department of Public Health and the Environment, DOE, the U.S. Environmental Protection Agency, the Colorado Attorney General's Office, Senator Wayne Allard, Representative Mark Udall, and members of the public. The Group is engaged in evaluating DOE's stewardship assumptions, analyzing the Federal Government's long-term liabilities and responsibilities, and participating in national stewardship dialogues.

- ***Future Use of Rocky Flats.*** Thorough and thoughtful future use planning helps define a successful community transition plan, and the Coalition continues to play a key role in that task. The Coalition has advised Senator Wayne Allard and Representative Mark Udall on key provisions of their Rocky Flats National Wildlife Refuge Act. Coalition work has included discussion among the Members themselves and with members of the public on the following issues: long-term management of the refuge; use of lands for a regional transportation corridor; acquisition of privately-held mineral rights; establishment of a Cold War Museum; and potential reuse of lands by DOE for the National Renewable Energy Laboratory.

II.4.14.7 Future of the Site

The current site mission is to "make it safe, clean it up, and close it down." The tasks involved in meeting the 2006 Closure Mission are to demolish the skyline, ship the waste, and clean up all site areas. Work covered by the contract includes remediating and dispositioning all individual hazardous substance sites (areas of suspected contamination); removing all wastes except for those materials that can be left in place, recycled, or used as fill in accordance with regulatory requirements; covering building foundations, utilities, remaining structures, paved roads, and parking lots with a minimum of 3 feet of fill; and ensuring that surface water on-site meets health-based standards. Management's key priority is to safely close Rocky Flats on or before December 15, 2006.

Approach to Closure Activities. DOE and the Kaiser-Hill Team are continuing to implement new approaches to closure activities at the site. Initiatives fostered under the new approach, which began in FY 1999, will continue in FY 2000. They involve shifting the emphasis from paying employees additional funds as they separate to encouraging the retention of critical skilled employees through the end of their closure assignments. Some career services, which

were available only to separated employees, have been made available to working employees so that they may be better prepared for their future separation.

II.4.14.8 Accomplishments and Lessons Learned

In its effort to continue to align benefits programs with the closure mission, the Kaiser-Hill Team implemented a number of major initiatives during FY 2000. These initiatives include:

- Lifting the vacation accrual cap.
- Enhancing the salaried benefit retirement plan and adding a lump-sum settlement option for employees who stay until their job is no longer needed.
- Liberalizing the tuition reimbursement program to allow employees to take course work in traditional and non-traditional disciplines.
- Offering financial planning seminars to employees and their spouses.
- Consolidating the off-site and onsite Career Transition Centers at one onsite location to support the personal closure and transition plans of all eligible active and separated employees.
- Implementing the Entrepreneurial Resource Program.

The following accomplishments and lessons learned have been incorporated into the current work force restructuring process at the site to mitigate the impact of restructuring activities:

- A review board continues to be used to evaluate candidates for layoff and to review diversity and other issues in connection with employee selection. Use of the board is believed to minimize last-minute decisions by management.
- Maximizing advance notice of impending outsourcing or other restructuring actions allows employees a reasonable opportunity to make decisions regarding alternative placement onsite, to begin an external job search, or to accept employment with the outsourced subcontractor, if that option is available.
- Human Resource support to, and training of, managers tasked with giving at-risk or reduction-in-force notices to their employees minimizes disruption and ensures clear communication of important information to the affected employees.

Office of Worker and Community Transition

- A formal meeting titled “Your Next Step” is provided to affected employees during the employee checkout 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 also identified. Benefits available under the Kaiser-Hill Team’s voluntary and involuntary programs are reviewed and discussed, and resources available at the Career Assistance Center are described. Employee Assistance Program services are also made available at this time. The session has received uniformly positive feedback from displaced workers, who contend that it allows them to immediately focus their energy on finding future employment and on dealing with the loss of their jobs in a positive manner.
- Guidelines on the use of retraining benefits have been liberalized to facilitate the retraining of displaced employees for new employment. The guidelines permit employees to train at their own pace and, thus, potentially at a faster pace than before.
- The onsite Career Transition Center provides Internet access to job search networks and CD ROM-based databases for both active and displaced workers.
- Partnerships created between the site and seven local employers facilitate consideration of at-risk site employees for the employers’ current and future openings. Available positions are typically posted at the Career Transition Center.

II.4.15 Sandia National Laboratories

II.4.15.1 Background

Sandia National Laboratories (Sandia), one of the largest research and development facilities in the Nation, is located in Albuquerque, New Mexico and Livermore, California. Since 1951, Sandia has conducted multi-program engineering, science, and nuclear weapons complex work under contract with the Department of Energy (DOE). Sandia is currently managed and operated by the 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 DOE 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 addresses 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 the 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 addresses how Sandia 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.4.15.2 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 work force 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. Two hundred seventy-one employees took advantage of VSIP and an additional 314 left through attrition. Ten employees not eligible for separation benefits were also separated. An additional 45 were placed in other jobs at the site without further training.

Continued funding reductions required another work force restructuring activity in FY 1997 of 481 total separations. There were 356 separations through VSIP and 125 positions were reduced through net attrition. In FY 1998, there were only 19 positions reduced from Sandia, 12 were involuntary and 7 were non-retirement voluntary separations.

In FY 1999, there were no positions reduced through work force restructuring at Sandia. New hires exceeded gross attrition; therefore, there were no positions reduced through net attrition.

II.4.15.3 Current Work Force Restructuring

In FY 2000, there were two positions reduced through work force restructuring at Sandia (Exhibit II.32). New hires exceeded gross attrition; therefore, there were no positions reduced through net attrition. From prior-year work force restructuring commitments, a total of 53 separated workers received educational assistance.

Outsourcing. No employees were separated from Sandia as a result of outsourcing in FY 2000.

Rehires. There were no rehires at Sandia in FY 2000.

II.4.15.4 Costs and Cost Savings

Sandia incurred \$251,646 in total restructuring costs in FY 2000. Of this total, \$169,800 were for severance payments. The average cost per laid-off employee was \$84,900. In addition, \$81,846 were distributed in FY 2000 for tuition payments as a result of restructuring actions that took place in prior years (Exhibit II.32). The average cost of educational assistance per worker was \$1,544.

Office of Worker and Community Transition

Site: Sandia National Laboratories		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	0	\$0	\$0	\$0	\$0
1.1	Early Retirement	0	\$0	\$0	\$0	\$0
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$0	\$0	\$0	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	2	\$0	\$169,800	\$169,800	\$84,900
2.1	With Benefits	2	\$0	\$169,800	\$169,800	\$84,900
2.1.1	Non-Construction Workers	2	\$0	\$169,800	\$169,800	\$84,900
2.1.2	Construction Workers	0	\$0	\$0	\$0	\$0
2.2	Without Benefits	0	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs -- Lines 1.0+2.0	2	\$0	\$169,800	\$169,800	\$84,900
3.0	Remaining Affected Workers		\$0	\$0	\$0	
3.1	Workers Placed Without Retraining	0	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	0	\$0	\$0	\$0	\$0
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$81,846	\$0	\$81,846	
4.1	Displaced Worker Medical Benefits	0	\$0	\$0	\$0	\$0
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	53	\$81,846	\$0	\$81,846	\$1,544
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$81,846	\$169,800	\$251,646	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	2	n/a	n/a	n/a	\$88,425
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	2	n/a	n/a	n/a	\$88,425
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Exhibit II.32 Sandia National Laboratories Work Force Restructuring Summary

II.4.15.5 Outplacement

Employees who left Sandia through the FY 1996 VSIP were offered outplacement assistance from StarAccess. 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. With the exception of terminations for cause and two involuntary layoffs, all separations have been voluntary; therefore, no separated employees were eligible for preference-in-hiring consideration. Preference-in-hiring was offered to the individuals that were terminated involuntarily, and they refused preference-in-hiring eligibility. Therefore, Sandia has no separated employees eligible for preference-in-hiring in FY 2000, nor did they have any former separated workers who are still eligible for preference-in-hiring. Sandia did not rehire any former workers with preference-in-hiring eligibility, nor did they place any workers from other DOE sites through preference-in-hiring in FY 2000.

II.4.15.6 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.

II.4.15.7 Accomplishments and Lessons Learned

Accomplishments:

The fact that there were only two involuntary separations of full-time employees as a result of Sandia's work force restructuring activities in FY 2000 highlights the success of its re-engineering 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 decisionmaking.
- Effective communications were critical to success. Sandia was able to clearly communicate to employees in a timely fashion the situation they were facing. These 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 at 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 2 years in development, it describes the principles that drive decisionmaking 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 VSIP 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 VSIP 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:

Conspicuous among lessons learned in the context of work force restructuring at Sandia National Laboratories are the following:

- 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, 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 available to impacted employees proved valuable. A list of openings from across the Laboratories was compiled and posted on Sandia's 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 also a very useful tool for restructuring. As described above, VSIP 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.4.16 Savannah River Site

II.4.16.1 Background

The Savannah River Site (SRS) covers approximately 310 square miles along the Savannah River in three counties of 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, later to become the Department of Energy (DOE), 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, the first reactor became operational in December 1953, and the first shipment of plutonium was in December 1954. SRS continued to produce special nuclear materials until 1988, when the last operating reactor was shut down.

During the Cold War, SRS served the Nation by producing nuclear materials critical to its strong nuclear deterrent. While the need remains, the Nation now faces additional challenges, including the proliferation of nuclear weapons and materials. With the end of the Cold War, SRS missions have expanded from primarily defense to include environmental cleanup and the stabilization, storage, and preparation for final disposition of nuclear materials. As we enter a new millennium, SRS is poised to fulfill a significant and even larger role for the Nation in the stewardship of the nuclear weapons stockpile, nuclear material, and the environment.

SRS focuses on three mission areas associated with products and services essential to achieving the DOE's goals:

- Nuclear weapons stockpile stewardship emphasizing science-based maintenance of the nuclear weapons stockpile.
- Nuclear materials stewardship, i.e., management of excess nuclear materials, including transportation, stabilization, storage and disposition to support nuclear nonproliferation initiatives.
- Environmental stewardship, which involves management, treatment, and disposal of radioactive and non-radioactive wastes resulting from past, present, and future operations. This stewardship includes pollution prevention and restoration of the environment impacted by site operations.

II.4.16.2 History of Work Force Restructuring

From the beginning of FY 1993 through the end of FY 1999, there were over 7,000 prime contractor separations,¹⁴ 75 percent voluntary and 25 percent involuntary. There were also approximately 2,300 subcontractor separations from FY 1993 through FY 1999. SRS did not undergo a formal work force restructuring in FY 2000.

In April 1993, SRS announced a work force restructuring of approximately 2,600 positions attributable to 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. At the 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 that 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 a little over 3,500, including approximately 1,400 subcontractor, temporary, and construction worker separations. There were approximately 970 separations through attrition, over 700 through early retirement, approximately 380 through the voluntary separation program, and only about 30 involuntary reductions. The majority of the reductions took place in FY 1993, with minor reductions in FY 1994.

In February 1995, SRS announced a second work force restructuring of approximately 4,200 positions owing to the continuing need to reduce federal expenditures, changing site missions, and contractor reform initiatives, including additional fixed-price contracting. Actual reductions in total contractor employment for FY 1995 totaled approximately 3,500, excluding about 420 subcontractor employees.

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.

Once the planned voluntary separation programs were implemented, approximately 290 contractor employees separated voluntarily. This was a significantly smaller number than

¹⁴ Total prime contractor separations from FY 1993 through FY 1999 include over 1,000 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.

planned for the period prior to announcement of the moratorium on involuntary separations. Reductions for FY 1996 totaled a little over 1,000 contractor employees, excluding around 200 subcontractor employees. All involuntary separations occurred before the announcement of the moratorium or were part of the employment ebb and flow associated with normal completion of work. None of the involuntary separations were permanent prime contractor employees.

The involuntary reductions planned for FY 1996 began in January 1997 after the moratorium on involuntary separations ended. According to a revised work force analysis conducted in December 1996, approximately 876 reductions were needed by April 1997. Actual reductions in contractor employment totaled more than 600 from January 1997 through March 1997. Reductions included 235 full-service employees, 257 construction craft employees, and 152 subcontractor employees.

The President's FY 1998 budget announced in February 1997 created a shortfall of over \$100 million from FY 1997 to FY 1998. Through the work force analysis process, approximately 1,100 full-service positions were identified for a two-phase reduction to occur between March 31 and September 30, 1997, including an estimated 200 positions subject to attrition. However, only 603 phase I involuntary reductions actually took place. A net of 1,148 prime contractor positions were reduced in FY 1997; 35 percent voluntary and 65 percent involuntary.

There were 149 separations at SRS in FY 1998. Eleven positions were reduced through attrition, and the remaining 138 separations were involuntary; 77 receiving section 3161 benefits and 61 receiving no such benefits. The involuntary separations in FY 1998 were due to normal ebb and flow in the construction trades.

No formal, structured work force restructuring took place during FY 1999. Normal ebb and flow in the construction trades resulted in a total of 196 construction craft separations. Of these, 52 received section 3161 benefits and 144 did not. Normal attrition during FY 1999 accounted for an additional 296 Westinghouse Savannah River Company (WSRC) and 15 Wackenhut Services, Inc., (WSI) full-service reductions. New hires exceeded gross attrition; therefore, no net positions were reduced through attrition.

In FY 1999, with the work force somewhat stabilized, the work force restructuring mindset evolved from one of solely downsizing to one of overall work force management and planning. Four major initiatives began in FY 1999 to reflect greater emphasis on this broader mindset: increased frequency of work force analyses; matching/placement meetings; certification program for fundamentals training; and an information technology retention plan.

II.4.16.3 Current Work Force Restructuring

There were a total of 280 separations at SRS in FY 2000; 208 were through early retirement, and 72 were involuntary separations (Exhibit II.33). The involuntary separations included 11 with benefits and 61 without benefits. In FY 2000, 388 workers were placed internally at SRS, 117 with retraining and 271 without retraining.

Site: Savannah River Site		FY 2000				
		Workers	Enhanced Costs	Program Costs	Total Costs	Total Cost/Recip.
1.0	Positions Reduced Voluntarily	208	\$14,862	\$10,816,000	\$10,830,862	\$52,071
1.1	Early Retirement	208	\$0	\$10,816,000	\$10,816,000	\$52,000
1.2	Non-Retirement Voluntary Separations (Severance Only)	0	\$14,862	\$0	\$14,862	\$0
1.3	Net Positions Reduced Through Attrition	0	\$0	\$0	\$0	\$0
2.0	Involuntary Separations (Severance Only)	72	\$42,180	\$0	\$42,180	\$586
2.1	With Benefits	11	\$42,180	\$0	\$42,180	\$3,835
2.1.1	Non-Construction Workers	0	\$0	\$0	\$0	\$0
2.1.2	Construction Workers	11	\$42,180	\$0	\$42,180	\$3,835
2.2	Without Benefits	61	\$0	\$0	\$0	\$0
	Work Force Restructuring Separations and Costs – Lines 1.0+2.0	280	\$57,042	\$10,816,000	\$10,873,042	\$38,832
3.0	Remaining Affected Workers		\$0	\$171,831	\$171,831	
3.1	Workers Placed Without Retraining	271	\$0	\$0	\$0	\$0
3.2	Workers Internally Placed Through Retraining	117	\$0	\$171,831	\$171,831	\$1,469
3.3	Transfers to Other Sites	0	\$0	\$0	\$0	\$0
4.0	Other Benefits Provided		\$61,573	\$315,678	\$377,251	
4.1	Displaced Worker Medical Benefits	44	\$0	\$315,678	\$315,678	\$7,175
4.2	Relocation Assistance	0	\$0	\$0	\$0	\$0
4.3	Separating or Separated Workers Using Outplacement	0	\$0	\$0	\$0	\$0
4.4	Education Assistance for Separated Workers	39	\$61,573	\$0	\$61,573	\$1,579
5.0	TOTAL COSTS FOR FISCAL YEAR 2000	n/a	\$118,615	\$11,303,509	\$11,422,124	n/a
6.0	WORK FORCE RESTRUCTURING SEPARATIONS (Average Costs) ¹	280	n/a	n/a	n/a	\$38,971
7.0	NON-RETIREMENT VOLUNTARY SEPARATIONS (All Benefits)	0	n/a	n/a	n/a	\$0
8.0	INVOLUNTARY SEPARATIONS (All Benefits) ¹	11	n/a	n/a	n/a	\$7,360
9.0	Other Separations	0	\$0	\$0	\$0	\$0
9.1	Voluntarily Separated	0	\$0	\$0	\$0	\$0
9.2	Involuntarily Separated	0	\$0	\$0	\$0	\$0

¹ Includes historical average cost of other benefits per recipient.

Note: The \$14,862 (shown on line 1.2) was paid for life insurance coverage for employees separated in prior years.

Exhibit II.33 Savannah River Site Work Force Restructuring Summary

In March–April 2000, driven by its commitment to a \$70-million cost-effectiveness and productivity challenge for FY 2001, WSRC requested and received DOE approval of a work force restructuring program, specifically including an Early Retirement Incentive (ERI) Program and an Involuntary Separation Program in 2000. DOE approved proceeding with the ERI portion of the program but postponed consideration of an involuntary program until further assessment could be conducted following the ERI.

In addition to requesting and receiving approval to conduct an ERI, WSRC engaged several other work force management strategies and initiatives to drive down the cost of operating the site. These additional strategies included attrition management; development of an integrated work force analysis database; periodic work force analyses; improvement and more frequent use of the matching process; creation of a cross-trained, multi-skilled segment of the nonexempt work force; focus on entry-level and recent college-graduate hiring; assessment of subcontracts; and revision of the tuition reimbursement program. (These are further addressed in this document.) These strategies were designed to position the site for the cost savings and work scope challenges to be encountered in FY 2001 and to mitigate the need for an involuntary separation program in FY 2000.

Outsourcing. There have been 17 outsourcing, privatization, or spin-off initiatives at SRS since 1994:

Basic Ordering Agreement for Environmental Restoration (1/94)	Corral Subcontract for Engineering and Design Work (1/94)
Machine Shop Services (1/94)	New Sanitary Landfill (1/94)
Telecommunications Operators (1/94)	Motor Repair (1/94)
Contaminated Laundry Facility (1/95)	Vehicle Repair (1/95)
Building Maintenance for Administrative Facilities (1/95)	South Carolina Electric and Gas D-Area Powerhouse (1/95)
News Clippings (1/95)	Computer Training (11/95)
Low-Level Waste Reduction (10/96)	Treatment of Mixed Waste (6/97)
Westinghouse Safety Management Solutions (10/97)	Emergency Service Integrators (1/98)
	Three Rivers Landfill (7/98)

The most notable spin-off was the formation of Westinghouse Safety Management Solutions, LLC (WSMS). By 1997, it was apparent that safety management work at SRS would level off while opportunities at other government sites and in the commercial sector would increase. This spin-off approach maintained the site's access to the outsourced employees' safety management competencies, while at the same time making them available to the entire DOE complex. Otherwise, these employees could have moved to other sites individually or to private industry. Composed of 154 former WSRC employees, the newly-formed WSMS provides all safety analysis, licensing, and regulatory support to WSRC. It also contracts a full range of safety management solutions to the DOE, the U.S. Department of Defense, and commercial clients in the United States and abroad. WSMS now provides "external" expertise to maintain and improve on the exceptional safety and health record at SRS, but does so on a task order basis. This contracted task-based approach is expected to save SRS over \$15 million between 1997 and 2001, and allows SRS contractors to staff to the valleys and augment with subcontractor support during peak periods.

In January 1998, a spin-off company was started by a group of employees who had designed and implemented the Emergency Operations Center and the 911 Response Center and system for SRS. This spin-off company contracted with WSRC to continue operation and maintenance of these services and to perform similar services for regional governmental organizations. The original group of 6 employees has since grown to more than 150 employees, and business has expanded beyond the local region.

The latest privatization activity occurred in July 1998 when the Three Rivers Landfill, a lined, regulatory compliant landfill, was opened on SRS property to serve the South Carolina counties of Aiken, Barnwell, Bamberg, Orangeburg, Calhoun, Saluda, Edgefield, and McCormick. No SRS employees were impacted due to this privatization; however, the landfill created 15 permanent jobs without eliminating any jobs in the eight counties. It is estimated that the landfill will collectively save those counties approximately \$2 million per year and SRS approximately \$24,000 per year.

Due to these spin-offs, privatizations, and outsourcing activities from 1994 through 1998, 199 employees have been outsourced. No outsourcing activities took place in FY 1999 or FY 2000.

Hiring and Rehiring. During FY 2000, WSRC hired 184 employees; 12 through preference-in-hiring (PIH) candidates and 17 rehires. WSI hired 86 employees, 21 of which were rehires and 1 was PIH-eligible. Approximately 150 jobs were posted in the Department's Jobs Opportunity Bulletin Board System (JOBBS) database.

Preference-in-Hiring. In April 2000, WSRC again mailed over 2,200 letters to PIH-eligible former workers to provide another opportunity to certify or recertify for the benefit. As a result of this mailing, 265 applied or reapplied for PIH certification, 1 declined, 1,647 provided no response, and 326 letters were returned as nondeliverable. As a result, there are currently 265 PIH-eligible candidates maintained in the local SRS database. This is a decrease of 77 from the 342 maintained in the local database as a result of the FY 1999 "open season" notification. SRS does not plan to provide this opportunity again, but may send reminder notices to active PIH candidates when it is time for them to recertify.

Although both the FY 1999 and FY 2000 PIH notification letters emphasized the importance of submitting a current resume along with the application for PIH certification, little more than 50 percent of those certified for PIH have current resumes on file. All resumes received have been entered into the JOBBS database. However, this lack of adequate participation in the PIH process significantly diminishes the potential of the PIH program.

Considerable attention has been given this year to ensuring that qualifications stipulated in job requisitions from site program managers are specific enough to prevent non-qualified PIH

eligible and other external candidates for job consideration. Of 118 PIH candidates referred for job consideration this year, 106 were rejected by the hiring manager for failure to meet job requirements (the description of qualifications on the job requisition had been too general). This has been identified as an area for further improvement during FY 2001. Nine PIH candidates declined consideration for WSRC jobs.

As stated above, 12 PIH candidates were rehired by WSRC, and 44 were rehired by WSRC subcontractors during FY 2000. This brings total PIH hires since October 1, 1998, when a PIH tracking system was established, to 63 (19 percent of total hires), of which approximately 95 percent remain employed. These results are somewhat disappointing, given the high visibility and priority of the PIH program at the site, and the ongoing improvements that have been and continue to be made in developing, implementing, administering, promoting, tracking, and managing the program. Unfortunately, with site hiring primarily limited to highly-specialized skills and entry-level positions, many of the PIH candidates are not qualified, and others are not interested in the lower pay grades. However, PIH candidates that have been rehired have generally proven to be solid performers.

II.4.16.4 Costs and Cost Savings

The total work force restructuring cost incurred in FY 2000 at SRS was slightly more than \$11.4 million. (Exhibit II.33). There were \$118,615 in enhanced benefit costs and just over \$11.3 million in program costs. The average estimated fully-burdened cost per involuntary separation was \$7,360. Medical benefits for displaced workers averaged \$7,175, and for education assistance, \$1,579. An additional cost of \$171,831 was incurred for workers internally placed through retraining, at an average cost of \$1,469 per worker. The average savings in salary and benefits for the 280 positions reduced are slightly more than \$21.6 million, for a one-time separation cost of just over \$10.8 million.

II.4.16.5 Outplacement

During FY 2000, no outplacement assistance services were needed.

II.4.16.6 Community Transition

The Savannah River Regional Diversification Initiative (SRRDI), the community reuse organization (CRO) for the SRS, 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.

Office of Worker and Community Transition

SRRDI's overall objective is to create an environment conducive to technology-based business startups and 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 technologies developed and employed at SRS to new and existing area firms for commercial application.

As of September 30, 2000, a total of slightly more than \$47.6 million has been committed to the SRS Operations Office, the management and operating contractor, the CRO, and other economic development associations. To date, nearly \$42.7 million have been spent. A total of 7,221 jobs have been created or retained, with an additional 6,665 jobs projected by FY 2003 (Exhibit II.34).

Exhibit II.34 provides a summary of all projects funded between FY 1994 and September 30, 2000.

FY 1994 through FY 2000							
Project Title	WT 3161 Funds Committed	Other DOE Funds Committed	Total DOE Funds Committed	Funds Spent	Jobs Created or Retained (Reported)	Cost Per Job Created	Jobs Created or Retained by 2003 (Estimated)
Prospect Development	\$3,000,000	\$0	\$3,000,000	\$2,982,675	854	\$3,493	1,255
Implementation/Training	\$100,000	\$0	\$100,000	\$36,000	145	\$248	131
Business Incubators	\$200,000	\$0	\$200,000	\$146,633	38	\$3,859	100
Seed and Challenge Fund	\$3,154,605	\$0	\$3,154,605	\$2,052,729	3,942	\$521	5,272
Venture Capital Fund ¹	\$1,500,000	\$0	\$1,500,000	\$1,549,049	140	\$11,065	2,000
Administration*	\$2,480,777	\$1,017,165	\$3,497,942	\$1,890,094	4	\$472,524	1
Planning	\$982,720	\$0	\$982,720	\$982,720	312	\$3,150	393
Scientific and Engineering	\$100,000	\$0	\$100,000	\$0	0	\$0	0
Proposal Development ²	\$55,898	\$0	\$55,898	\$55,898	3	\$18,633	194
SRRDI Subtotal	\$11,574,000	\$1,017,165	\$12,591,165	\$9,695,798	5,438	\$1,783	9,346
Savannah River Operations Office	\$1,450,000	\$8,383,911	\$9,833,911	\$9,683,911	948	\$10,215	1,653
Westinghouse SR Company	\$200,000	\$9,397,549	\$9,597,549	\$8,643,430	560	\$15,435	1,387
Tri-County Economic Development	\$3,400,000	\$200,000	\$3,600,000	\$3,600,000	275	\$13,091	1,500
SRS Centers of Excellence ³	\$0	\$12,000,000	\$12,000,000	\$11,048,489	0	\$0	0
Totals	\$16,624,000	\$30,998,625	\$47,622,625	\$42,671,628	7,221	\$5,909	13,886

* Funds used for administrative purposes. Job creation not intended.
Note: See Appendix G for footnotes.

Exhibit II.34 Savannah River Site Community Transition Funding and Job Creation by Project

The following is an update on the major accomplishments of selected projects funded by the CRO:

- ***Prospect Development Program.*** This contract provided \$1.8 million to Aiken County, South Carolina, to acquire a facility to accommodate the training of future workers for the Bridgestone-Firestone South Carolina Corporation (BFSC). SRRDI funding for this project was instrumental in securing a commitment for BFSC to build a new manufacturing plant in Aiken County. SRRDI also committed \$1.2 million to Aiken County to extend rail service to the BFSC site. In addition, \$200,000 in community assistance was provided directly to the Economic Development Administration to administer this rail project. The project has resulted in the creation of more than 850 new jobs by BFSC. Aiken County has acquired the training facility that is currently being used by BFSC. BFSC has finished construction of its new \$425.0 million plant and has hired 754 full-time employees for work at the facility.

- ***Manufacturing Technology Centers Program.*** The first award under this project was approved in December 1997. Funding was provided in response to a joint proposal submitted by the Georgia Institute of Technology and the University of Georgia to expand their technical and management assistance services to support the growth of manufacturing firms within the region.

- ***Small Business Seed and Challenge Fund Program.*** SRRDI has received 82 proposals and 19 projects have been approved for funding. SRRDI has committed over \$2 million, and this has been matched by \$4.5 million in non-DOE funds provided by the project sponsors. The companies involved in this program have reported that as a result of SRRDI's funding for their projects, 3,942 jobs have either been created or retained, and 2,687 persons have completed technology training programs developed with SRRDI funding support.

- ***Venture Capital Fund Program.*** SRRDI has an investment commitment of \$1,500,000 in venture capital, including a \$500,000 commitment as a limited partner in a venture fund managed by Crescent Capital Adviser, Inc. Under the partnership arrangement, Crescent Capital evaluates regional investment opportunities referred to it by SRRDI. In addition, \$850,000 has been invested by SRRDI in a new in-house venture capital program. The in-house venture capital allows SRRDI to purchase preferred stock in manufacturing and technology businesses within the five-county region. This new revenue source will assist SRRDI in sustaining its programs in the future.

- ***Small and Small Disadvantaged Business Assistance Program.*** In December 1998, the DOE Savannah River Operations Office, working with the Westinghouse Savannah River Company and local minority business leaders, developed a Small and Small Disadvantaged Business Assistance Program in the counties of Aiken, Allendale, Bamberg, and Barnwell. DESA Inc., of Columbia is the contractor

working with these businesses on this 2-year program. DESA is assisting small and small disadvantaged businesses in developing and writing business plans, obtaining financing, establishing expansion requirements, developing and placing personnel, and responding to public and private requests for goods and services. As of September 30, 2000, the program had assisted 9 firms in the provision of over \$1.6 million in goods and services, with 32 jobs created or saved. Another 2-year contract for this program is being evaluated.

- **Property Acquisition Initiative.** In January 1999, SRS completed acquisition of the former Allied General Nuclear Services property by the Tri-County Alliance (i.e., agent for SRRDI) through the Savannah River Site Redevelopment Authority. Acquisition of the 1,639 acres of this facility took over 2 ½ years of negotiations with Allied General and its partners. In FY 2000, the facility was renamed the South Carolina Advanced Technology Park, and three new businesses (i.e., Kronotex USA, ADF Construction Corporation, and Bull Run Metal Fabricators) were announced.
- **Asset Reuse Program.** The SRS Asset Reuse Program was re-engineered during FY 2000. Through the Tri-County Alliance, SRRDI began acquiring excess equipment from SRS and reselling it. This endeavor assisted in the location of ADF Construction Corporation to the region. Profits from the equipment resale will be split between ADF, SRRDI, and Tri-County to further economic diversification activities in the region.

II.4.16.7 Future of the Site

SRS will play an important role in the transportation, stabilization, storage, and disposition of excess nuclear material that pose a threat to world security. The site will also play a major role in nuclear weapons stockpile stewardship with the construction and operation of a new facility to extract tritium. SRS has a significant, enduring, and increasing role in the future of the DOE complex with ongoing waste management, environmental cleanup, and nuclear material and stockpile missions. The site also places special emphasis on regulatory requirements, Defense Nuclear Facilities Safety Board recommendations, and risk reduction.

Over the next decade, SRS will continue to seek efficiencies in operations and pursue scientific research, development, and deployment of new technologies to achieve its missions. It will also be working with the State of South Carolina to ensure an off-site disposition path for high-level waste and nuclear materials and to find mutually acceptable solutions for the disposition of low-level and mixed wastes. In addition, SRS will invest in new or updated facilities and site infrastructure to create a modernized site complex. Many of the challenges to be faced by the Nation in the next 50 years are viewed as strategic opportunities for new missions at SRS.

Challenges to the site in the coming years include positioning for new missions, ensuring adequate funding for current missions, continuing the high standards in safety and security, advancing efforts to develop and exploit solutions to technical challenges, and providing best-in-class project management for all the focus areas to which SRS is committed.

In order to succeed in these missions and challenges, the site must succeed in recruiting, training, and retaining a highly-skilled, motivated work force. Accordingly, WSRC work force planning for the future includes continuing the practice of limiting new hires to primarily those with critical skills (e.g., chemical and electrical engineers, information technology specialists, non-exempt technical specialists such as laboratory technicians and radcon technicians). For reasons cited earlier in this document, external hiring will be targeted primarily to entry-level positions with priority given to preference-in-hiring candidates and new college graduates. Retraining or reassignment of employees to higher-priority positions necessary to meet current work scope requirements will continue as needed.

Overall, the staffing level for WSRC is expected to remain fairly stable over the next few years. WSI, on the other hand, anticipates hiring approximately 100 security officers during FY 2002 and FY 2003. As in the past, construction craft staffing will continue to ebb and flow as projects are completed and new projects start up, but overall staffing levels of construction craft workers are also expected to remain stable over the next few years.

II.4.16.8 Accomplishments and Lessons Learned

Accomplishments:

- Good results have been achieved in attrition management with 235 non-critical vacancies eliminated.
- Four work force analyses were conducted this year. The analyses are becoming a routinely accepted business practice rather than a crisis exercise under a looming layoff.
- The online work force database and integrated capabilities have expanded the usefulness of the work force analysis process.
- Through the effective use of placement meetings, WSRC has had substantially greater success in its matching process than expected.
- The multi-skilled technician (MST) unit is expected to be very valuable to the site as needs for certain nonexempt technical skills fluctuate depending on projects and other site activities. This concept was generally well received by the employees, especially

those whose jobs were at risk, and this opens the door to possible development of more cross-training opportunities.

- Early skepticism regarding the certification program through local technical colleges has been replaced with enthusiastic optimism. The schools are quite pleased with the WSRC jobs given to graduates of this certification program. Several students are expected to complete the program in the near future, and WSRC projects job opportunities will also be available for them. None of the \$60,000 budgeted to reimburse (by \$1,000 each) graduates of the program who are not hired by WSRC within 6 months following graduation has been used. This has definitely been a win-win arrangement.
- The effort to ensure that PIH candidates are hired if they meet the job qualifications has led the way to improving job requisitions. Getting more specific descriptions of qualifications from the hiring managers has helped WSRC's staffing department minimize the referral of unqualified candidates, and has helped hiring managers minimize non-productive time in reviewing resumes of unqualified candidates.

Lessons Learned:

- Unlike previous downsizing years, the FY 2000 work force restructuring program was not driven by budget shortfalls. However, owing to cost savings commitments, opportunities were created for more attention to overall work force management and planning rather than an exclusive focus on downsizing. The opportunities and challenges flowing from the FY 2000 cost savings initiatives have provided an impetus for innovative approaches to work force management and planning.
- A challenge in the area of communications was for WSRC to explain to employees and the general public the skill mix problems responsible for planned WSRC staffing changes. It was clearly communicated that the staffing reductions in prospect, through an ERI and possibly a layoff, are necessary to create vacancies for personnel with essential skills now in short supply within WSRC.
- The concept of a multi-skilled work force, which had been considered previously, had not been implemented due to expected opposition from employees. However, success in development of the new MST unit was due, in part, to its acceptance by employees, particularly those who met the minimum requirements and were in work units with known excesses in staffing.
- Throughout FY 2000, the WSRC staffing department encouraged hiring managers to be more specific with the qualification requirements in order to reduce the referral of

unqualified applicants, including PIH candidates, for open positions. While progress has been noted in this area, there continue to be opportunities for improvement.

- Lack of updated resumes from PIH candidates diminishes the benefit of the PIH program. The issue may be moot; however, unless PIH candidates possess critical skills, current external hiring is predominately for critical skill positions.

Performance Measures for FY 2001:

- Update work force analyses quarterly and followup with the matching process/ placement meetings as needed.
- Continue to develop on-line capacity for the work force analysis database in order to expand the capability to monitor excesses and critical skill shortages and to link the operations, budgeting, and staffing processes.
- Contact DOE sites undergoing reductions-in-force to determine affected employees' eligibility, suitability, and availability for job openings at SRS.
- Continue to pursue entry-level/recent college-graduate recruiting strategy to address skills mix and demographic issues.
- Post all job openings in the Department's JOBBS database for vacancies not filled by recall or local PIH candidates.
- Eliminate job referrals of unqualified PIH candidates.
- Update and revise the 1997 Work Force Restructuring Plan to provide a better template for continued work force management and planning, and to clarify the factors, mechanics, and requirements of any possible future work force restructuring actions.
- Update and revise the 1999 PIH procedure to incorporate improvements made as a result of lessons learned.
- Update the retiree corps database.

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