



PROGRAM UPDATE

Office of Worker and Community Transition

United States Department of Energy

October - December 1998

WORK FORCE RESTRUCTURING ACTIONS

OAK RIDGE WORK FORCE RESTRUCTURING

During the fall of 1998, contractors at the Oak Ridge Reservation in Tennessee began work force restructuring actions in anticipation of Fiscal Year 1999 budget impacts covering a variety of programs and impacting each of the major contractors at the site. Announcements were made that up to approximately 475 positions could be impacted during the fall of 1998. A total of approximately 150 separations were approved during this period, of which only 55 were involuntary. It is anticipated that an additional 100 involuntary reductions may occur during the remainder of Fiscal Year 1999.

WORK FORCE RESTRUCTURING ACCOMPLISHED THROUGH VOLUNTARY PROGRAM AT GASEOUS DIFFUSION PLANTS IN PORTSMOUTH, OHIO AND PADUCAH, KENTUCKY

Beginning on July 2, 1998, a voluntary separation incentive program was offered at Portsmouth, Ohio and Paducah, Kentucky to help achieve a business requirement to reduce approximately 260 positions over the next year. Based on participation in these programs, no involuntary separations were required at these sites during this period. A total of approximately 105 voluntary applications were accepted at Paducah and 155 applications at Portsmouth. Voluntary separation benefits were based on provisions of a memorandum of agreement between the Department of Energy and United States Enrichment Corporation and were funded from a separately established account.

KANSAS CITY WORK FORCE RESTRUCTURING PLAN APPROVED

On October 6, 1998, the Department of Energy transmitted to the U.S. Congress the *Kansas City Site Work Force Restructuring Plan*. On June 12, 1997, the Department announced that up to 700 positions were expected to be reduced at the Kansas City Plant at the beginning of Fiscal Year 1998 to configure the work force to meet revised workload schedules and projected budget allocations.

The U.S. Congress was advised that the revised workload schedules fully supported the nuclear weapons stockpile. Existing production missions assigned to the Kansas City Plant were not to be changed as a result of this work force restructuring, and no work was moved to other sites.



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In the summer of 1997, a draft work force restructuring plan was circulated to stakeholders for comment. The draft plan included an incentivized, voluntary reduction-in-force program. A total of 330 employees were accepted for participation in this program. In addition, the contractor was successful in managing attrition and detailed additional employees to work for another DOE site on a reimbursable basis to support Defense Program mission requirements.

The final plan describes the work force restructuring that was implemented at the beginning of Fiscal Year 1998. The plan also identifies benefits that were made available for workers separated as a result of this restructuring, including education, medical, relocation and outplacement assistance. Preference-in-hiring is also provided for eligible, involuntarily separated employees.

The plan clarifies that, based on policy developed consistent with section 304 of the Fiscal Year 1998 Energy and Water Appropriations Act, future enhanced benefits beyond those provided under contract or normal company policy can only be funded through the Worker and Community Transition appropriations line. As a result, future requests for such benefits will be subject to approval by the Office of Worker and Community Transition within available funding.

AlliedSignal, Inc. Federal Manufacturing and Technologies, which operates the Kansas City Plant for the Department of Energy, issued 43 two-week notices of involuntary separation during the week of October 20, 1997. This notification was consistent with company policy and the contract with the Department of Energy.

As a result, with the involuntary separations early in Fiscal Year 1998, overall employment reductions have been approximately 376, compared to the up to 700 original estimate. It is currently anticipated that any further adjustments that may be required during the next few years can be managed without the need to utilize enhanced voluntary separation programs or to institute involuntary separations.

ROCKY FLATS WORK FORCE RESTRUCTURING ANNOUNCED

On November 16, 1998, the U.S. Department of Energy's Rocky Flats Field Manager submitted a memorandum describing expected work force restructuring at that site during FY 1999 and subsequent years. It is anticipated that approximately 400 positions will be reduced in the coming year based on work reallocation, skills mix changes, and outsourcing. The focus of work reductions will be in administrative positions, and it anticipated that savings associated with these reductions will be applied to accelerate priority work to achieve early closure milestones. This is expected to involve offsetting hiring in needed skills areas within the range of 150-200 positions. This Office approved a request from the field manager to offer a voluntary separation program with the application program open until January, 1999. Involuntary separations may be required if sufficient workers are not accepted for voluntary separation. The expectation is that following this announced reduction, work force adjustments will be accomplished by working with employees prior to their separation to better allow for transition to new careers, as described in the Rocky Flats Closure Strategy. During FY 2000-2001, changes in approximately 200 positions are expected to be addressed in this manner.



REVISED WORK FORCE RESTRUCTURING GUIDANCE RELEASED FOR COMMENT

On December 11, 1998, the revised *Planning Guidance for Contractor Work Force Restructuring* was published in the **Federal Register**. The Office of Worker and Community Transition had submitted to the Secretary of Energy the revised contractor work force restructuring guidance which addresses changes in the restructuring environment, including shifts to performance contracting, increased utilization of outsourcing, and skills mix sensitivities. The revised guidance is streamlined and seeks to enable sites to operate in a more business-like manner and responds to concerns from field operations to provide procedures that improve business efficiencies in implementing work force changes while continuing to assure fair treatment of workers. The guidance was provided to interested stakeholders in May and June of 1998, and we received informal feedback at our National Stakeholder's Workshop in June. Formal concurrences from program and field organizations were collected prior to forwarding a memorandum seeking Secretarial approval to publish the guidance in the **Federal Register**.

ARGONNE NATIONAL LABORATORY WORK FORCE REDUCTIONS ANNOUNCED

On November 9, 1998, the Argonne National Laboratory in Chicago, Illinois announced a voluntary separation program that is intended to address project work reductions of up to 50 positions at both Argonne East and West necessitated by a \$5 million reduction in Fiscal Year 1999 appropriations. The impacted positions are expected to be concentrated among engineering research personnel. Some represented workers in supporting positions may be affected.

Argonne has been deleted from the list of defense nuclear sites covered by section 3161 of the National Defense Authorization Act for Fiscal Year 1993 but is operating under Departmental policy to apply the objectives of the act whenever work force reductions occur at DOE facilities. The Secretary committed to Senator Larry Craig (R-Idaho) during his confirmation hearings to re-examine the deletion of Argonne East and West from the defense nuclear facilities list. The only potential impact related to this commitment would come if there are not sufficient volunteers and involuntary separations are subsequently required.

CONTRACTOR WORK FORCE LEVELS POSTED ON INTERNET

The Office of Worker and Community Transition has posted on its Internet home page Department of Energy contractor employment, from the close of FY 1988 through FY 1998. Total contractor employment is 103,011 workers, a two percent reduction of 2,186 positions during FY 1998.

COMMUNITY TRANSITION ACTIVITIES

DOE COMMITS \$3.0 MILLION TO THE TRI-COUNTY ALLIANCE

On October 9, 1998, the U.S. Department of Energy (DOE) committed to provide \$3.0 million in community transition grant funds to the Tri-County Alliance to mitigate the impacts of downsizing at the Savannah River Site in South Carolina. The funds are to be used to purchase the Allied General Nuclear Services (AGNS) facility at the site and to transfer the 1,600 acre tract associated with the AGNS facility to the Tri-County Alliance once it has been decontaminated and demolished. The funding is contingent upon



the Tri-County Alliance entering into an agreement with AGNS and the State of South Carolina stipulating the arrangements for transfer of a clean site for future economic development that is satisfactory to DOE.

With the end of the Cold War and the changing mission at the Savannah River Site, the prime contractor work force has been reduced from almost 21,000 in 1992 to approximately 13,000 by the end of March 31, 1998. These cuts represent a 38 percent work force reduction.

The Tri-County Alliance submitted a proposal to the DOE in October of 1997. DOE and the Economic Development Administration within the Department of Commerce have approved \$3 million for the project that is expected to result in future development of the Site by new industry under the direction of State and local governments. This is expected to facilitate industrial redevelopment and present a long-term opportunity to bring and maintain well-paying employment to the region, revitalize the county tax base, and maintain the technical, scientific, and engineering expertise which is needed to continue bringing potential industry to the region.

DOE COMMITS UP TO \$6.2 MILLION FOR SAVANNAH RIVER REGIONAL DIVERSIFICATION INITIATIVE

On October 19, 1998, the U.S. Department of Energy committed to provide up to \$6.2 million in grant funding to the Savannah River Regional Diversification Initiative (SRRDI), the local community reuse organization, representing the communities surrounding the Savannah River Site, to mitigate impacts of downsizing at the Site. Of the proposed \$6.2 million, \$1.5 million is immediately available to SRRDI to provide access to equity capital to assist with the development of growth-orientated businesses. The remaining \$4.7 million is contingent upon the availability of appropriated funding for community transition activities and final review of proposed projects.

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SRRDI submitted an economic development proposal in December, 1997. The Department of Energy and the Economic Development Administration within the Department of Commerce have approved immediately providing \$1.5 million for projects including the equity capital fund. Contingent approval was made for projects totaling \$4.7 million including: (1) challenge funding for technology development; (2) small business R&D seed funding for technical innovation; and (3) a proposed infrastructure project (\$3 million) for Hankook Synthetics to build a training facility and a rail line extension in Augusta, Georgia. Approval for the Challenge Fund for Technology Development and the Small Business R&D Seed Fund proposals are contingent upon documentation that the currently uncommitted funds available for these activities have been spent. Funding for the Hankook project is contingent upon documentation that development has sufficiently advanced to warrant Federal assistance.



COMMUNITY TRANSITION FUNDING APPROVED FOR HANFORD

On October 22, 1998, the U.S. Department of Energy announced a \$4.0 million grant to help ease the impacts of downsizing at the Hanford site. The grant is being awarded to the local community reuse organization, the Tri-City Industrial Development Council (TRIDEC). TRIDEC has indicated this grant will help create 1,500 to 2,400 new jobs for displaced Hanford workers and other community workers in two to four years.

The prime contractor work force at the site has been reduced from approximately 17,000 in FY 1994 to approximately 10,350 by the end of June, 1998. These cuts represent a 39 percent work force reduction.

“This grant builds on the strengths of the Tri-Cities to secure high-skill, high-paying jobs for displaced Hanford workers,” said Secretary Richardson.

The grant makes the following projects possible: (1) an asset reinvestment fund to leverage surplus Hanford site assets; (2) a marketing program to support the retention and rehiring of existing site and community personnel; (3) a technical assistance program that provides technical assistance to businesses in the counties affected by downsizing; (4) a Tri-City Tourism and River Shore Program that aids in the recruitment of industry; (5) a Medical Isotope Program designed to develop a nuclear medicine industry cluster; and (6) Infrastructure Proposals designed to increase business expansion.

The TRIDEC states that the above programs will create new jobs for displaced workers, generate economic benefits to the region, bring new business into the area, and obtain assistance for many individuals interested in starting their own businesses.

DOE ANNOUNCES \$6 MILLION GRANT FOR ECONOMIC DEVELOPMENT IN PADUCAH, KENTUCKY

On October 23, 1998, the U.S. Department of Energy committed to provide up to \$6 million for worker retraining and regional economic development. “Our commitment today emphasizes my desire to ensure that a community that contributed to our winning the Cold War will not be forgotten,” Secretary Richardson said. “These dollars will help jump start area economic development.”

The Department expects to receive a formal grant application from the Paducah Area Community Reuse Organization within a few months and will provide funding for specific projects after the standard review process is completed. Funds could be made available as early as the beginning of 1999.

ENERGY DEPARTMENT AWARDS \$300,000 TO CITY OF CARLSBAD TO HELP BOOST REGION’S ECONOMIC PLANNING

On November 4, 1998, the U.S. Department of Energy awarded \$300,000 to the City of Carlsbad to prepare a strategic economic analysis and action plan for the Eddy County, New Mexico area and the Waste Isolation Pilot Plant (WIPP).

“This is another example of the Department’s investment in the communities that support our operations,”



said Energy Secretary Bill Richardson. "It presents an additional opportunity for the region to leverage the world-class science and technology resources of the Carlsbad Area Office and the Waste Isolation Pilot Plant, and to expand its economic strengths, build new businesses and create new jobs."

The main goal of this plan is to coordinate public and private development efforts that will help ensure a strong economic future for Carlsbad and Eddy County. These efforts will seek to build on the region's strong and viable work force, to further advance economic growth and job creation. The focus of the effort will be to help local businesses and industries keep their economic viability, while fostering additional business start-ups in Eddy County.

The strategic analysis will focus on the region's economic development capabilities, including:

- Demographic structure and functioning of the regional economy
- Industry clusters with significant competitive advantage and growth potential
- Region's assets with the potential to support business expansion and new business development
- Identification of barriers to economic development and suggested strategies for their removal
- Identification of new policies, programs and partnerships to promote regional economic development, and drawing upon best practices.

The results of the effort will form the basis of an action plan that will help define a new and more dynamic relationship between WIPP and the region's economy.

FIRST U.S.-UKRAINE CONFERENCE ON NUCLEAR TRADE AND COOPERATION

On November 9-10, 1998, the Office of Worker and Community Transition participated with the Office of Nonproliferation and National Security in the first U.S.-Ukraine Conference on Nuclear Trade and Cooperation. Part of the Ukrainian delegation consisted of government representatives responsible for the economic transition of the town of Slavutyich which is home to the majority of the Chernobyl Nuclear Power Plant's 6,000 personnel. The plant is scheduled to close by the year 2000. The Ukrainians are seeking assistance in developing plans for transitioning the work force to non-production activities. The delegation had an opportunity to discuss private/public investment incentive options with the State of South Carolina, Department of Commerce and the Tri-City Industrial Development Council, the local community reuse organization.

EFFORTS TO CREATE NEW JOBS IN EAST TENNESSEE GET \$8.75 MILLION BOOST FROM DOE

On November 30, 1998, the U.S. Department of Energy announced the award of \$8.75 million to the Community Reuse Organization of East Tennessee (CROET). The money will be used to help stimulate economic growth in the Oak Ridge region and create up to 750 new jobs.



“This investment recognizes the strengths of Eastern Tennessee, established by decades of commitment to developing the science and technologies that helped America win the Cold War,” said Secretary Richardson. “These funds will help expand many of the community transition initiatives already under way — initiatives that not only complement the skills and talents of the work force, but also serve as a blueprint for creating new jobs and new opportunities in the area.”

The money, to be provided over two years, will be used to finance projects proposed by the local community reuse organization and approved by the Department of Energy and the Commerce Department. Those projects include developing infrastructure at the East Tennessee Technology Park and surrounding lands, continued support for the Manufacturing Skills Campus at Oak Ridge’s Y-12 Plant, the National Transportation Research Center and other regional economic diversification initiatives.

In 1994, the Energy Department announced that a reduction in defense-related activities would result in the loss of thousands of jobs in Oak Ridge and the surrounding communities. Since then, the contractor work force at the site has dropped by 22 percent — from 17,400 employees to approximately 13,570 today. The continued support provided by the DOE grant will enhance the region’s economic diversification and growth and create opportunities for displaced workers.

ASSET MANAGEMENT

ASSET SALES/LEASES

Net revenues deposited at the U.S. Treasury, as part of the Asset Sales Initiative (ASI), will no longer be tracked. The ASI had as its goal the return of \$75 million, over a 5-year period (Fiscal Years 1996 - 2000), to the Treasury which would result from the selling of excess Departmental personal and real properties. As of the end of Fiscal Year 1998, net revenues totaling slightly more than \$31 million had been deposited at the Treasury. As referenced in an August 17, 1998 memorandum for Heads of Departmental Elements from then-Acting Secretary Elizabeth Moler, “The sale of the Naval Petroleum Reserve alone yielded over \$1.0 billion more than anticipated, well exceeding the \$45 million remaining target for the Asset Sales Initiative, one of the programs under the Strategic Alignment Initiative. Thus, we have more than met our overall savings target for the sale of assets.” The final ASI chart is posted on the Office’s web site at www.wct.doe.gov.



LABOR RELATIONS

CONTRACT NEGOTIATIONS

The following is a list of collective bargaining agreements that have been negotiated in the fourth quarter of calendar year 1998 or are scheduled to be negotiated in the first quarter of calendar year 1999:

<u>Site</u>	<u>Union</u>	<u>Type of Employees</u>
Fermi Laboratory	IAFF	Firefighters
Fermi Laboratory	IAM	Machinists
Hanford	IGUA	Guards
Idaho	ATU	Bus Drivers
Idaho	UPGWA	Guards
Nevada	IBT	Firefighters



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DOCUMENTS REQUESTED:

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