

Worker and Community Transition

Program Mission

The Office of Worker and Community Transition was formed in September 1994 to mitigate the impacts on workers and communities caused by changing Department of Energy (DOE) missions, consistent with Section 3161 of the Defense Authorization Act of 1993. The Department will continue to experience restructuring of its contractor work force in Fiscal Year 1999 and beyond. These adjustments will be driven by changes in the management of the strategic stockpile and shifts in skill mix requirements. Changes in contracting mechanisms will also involve significant employment adjustments beyond net reductions in total DOE contractor employment.

The Office of Worker and Community Transition has been and will continue to be a major management tool for streamlining the Department of Energy yet maintaining effectiveness during a major downsizing activity that began in FY 1993. During that time, the Office has developed the expertise to oversee work force planning for the Department, assist in developing benefits packages for displaced workers, oversee labor relations efforts, lessen the impact of downsizing on affected workers and communities by fostering alternative employment opportunities, and integrate asset disposition, where possible, into community transition efforts. Through the actions of this Office, significant cost savings have been realized, far exceeding the amount spent on the entire program. By helping the sites expeditiously separate workers, large quantities of payroll costs have been saved. By transferring property to local authorities as part of the community transition program, the Department has been able to save millions of dollars in operating costs and projects currently planned will produce more savings. The Mound Facility is an example of the future savings that are possible. Expedited closure made possible through the community transition program will save the Department \$150 - \$200 million in operating costs.

Consistent with the Department's initiatives to promote best business practices, guidance for work force restructuring at DOE sites reflects lessons learned in the private sector, including the use of comprehensive work force planning. Private companies increasingly undertake work force restructuring strategies similar to those adopted by the Department. For example, a March 1995 report by the General Accounting Office surveying 25 major companies, including firms with considerable federal contracting such as General Electric, Grumman and Honeywell, experiencing work force restructuring, found that "at least 18 (72%) provided various incentives to encourage employees to voluntarily leave." These included early retirement, lump sum incentive payments, tuition, medical benefits and outplacement assistance similar to those provided at DOE sites. A survey conducted by Actuarial Sciences Associates, Inc., of mid-1990s downsizing practices of 60 major companies "confirm that it is common for employers that wish to downsize first to offer either an exit incentive retirement or resignation program (or sometimes both sequentially), and only then to utilize layoffs to the extent downsizing is still needed. This, indeed, is *the* classic exit incentive strategy and it is probably motivated more by the desire to be humane and to preserve employee morale." Further, worker insecurity about their treatment in the event of additional work force changes often severely decreases productivity among remaining workers.

The Department, however, is motivated by more than the desire to emulate the best business practices of the private sector. Regardless of the employer — whether it is public or private — major decreases in regional work force have negative economic and social effects. The economic effects include both the obvious lost individual income and tax revenue as well as the secondary impacts, as disposable income

decreases within the community, of corresponding decreases in businesses that supported the affected workers. Social effects have been observed for individual workers — including those who remain as well as those who leave — and the community in which they live. Increases in social problems, e.g., substance abuse, spousal abuse and suicide, have been shown to increase in communities where large numbers of job layoffs are occurring.

While private companies may use work force change strategies similar to those of the Department, those measures may only partially mitigate the impacts mentioned above, especially if replacement jobs are not available. Private companies are free to leave to the community and other Federal, state, and local units of government the responsibility of bearing the remaining economic and social costs if replacement jobs are not available, although the employer must endure the loss of productivity caused by workers' uncertainty about the future. The Federal government, as simultaneously the employer, provider of many social services, and recipient of tax revenue, has a comprehensive interest in decreasing the cumulative economic and social impacts caused by significant changes in its funded work force. Community transition assistance helps attract or retain job opportunities which can: (1) decrease the loss of individual income, tax revenue, and secondary job losses; (2) decrease the social problems and the corresponding cost of social services (borne by other Federal agencies and state and local units of government) caused by DOE work force restructuring, and; (3) help to develop alternative employment which would contribute to maintaining productivity in remaining workers by providing confidence that other employment opportunities will be available in the event of further downsizing.

The Worker and Community Transition budget provides funding for activities associated with enhanced benefits beyond those required by contract, existing company policy or collective bargaining agreements at defense nuclear facilities, and is part of the overall Department's Other Defense Activities budget request. In addition, Congress has identified this appropriation as the only authorized source of funding for local impact assistance to communities affected by work force reductions at defense nuclear facilities.

The Office of Worker and Community Transition coordinates policy direction and implementation for field operations involving work force planning, restructuring, labor standards and relations, community transition activities, and asset management across the Department. This program also provides for the personal and contractual services for all federal management, and administrative personnel to carry out the Worker and Community Transition mission including related costs such as space, materials, utility, supplies, communication and building maintenance at DOE Headquarters.

During Fiscal Year 1997, the functions of the Office of Asset Management were added to those of the Office of Worker and Community Transition. This was done because asset management implementation actions are focusing on pilot project proposals, such as recovery of precious metals from weapons components and electronic scrap recycling and use, which are designed to provide a financial return to the Federal government through the disposition of the assets as well as stimulating regional and local economic development. Because asset disposition and stimulating economic development can conflict or complement each other, dependent upon the coordination between the two programs and the individual circumstances of each case, the combination of the two programs is expected to reduce the conflicts and increase the benefits of asset disposition.

A further integration of asset management and community transition involves re-industrialization. This activity locates excess Department of Energy facilities and equipment that must be maintained, with the cost of maintenance accruing to the Department. In the reindustrialization process, businesses are recruited to make use of these excess Department of Energy facilities and equipment. As part of the terms

for the use of the Department's assets, the private businesses will assume maintenance responsibilities. The Department would then receive a return on its investment in the assets as well as be relieved of the cost of asset maintenance. At the same time, private industry is making use of former Department equipment to produce goods and services and provide jobs located in affected communities. Further, workers who had been affected by work force restructuring should be highly competitive for jobs operating that equipment.

Through its programs, the Office of Worker and Community Transition is contributing to achieving Objective CM-3 of the September 1997 Strategic Plan for the Department of Energy. That objective stated that the Department would, "Use efficient and effective corporate management systems and approaches to guide decision making, streamline and improve operations, align resources and reduce costs, improve the delivery of products and services, and evaluate performance."

Program Goals

- # Mitigate the impacts on workers and communities from contractor work force restructuring at defense sites, and assist community planning for all site conversions, while humanely and cost-effectively managing the transition to the reduced work force that will better meet ongoing mission requirements through the application of best business practices.
- # Reduce the cost of managing the Department of Energy inventory of underutilized assets through the application of private sector business principles to the Department's asset disposition efforts.

Program Objectives

- # *To facilitate work force planning by Department contractors* — develop a process and tools for projecting contractor work force requirements at each site on the basis of mission, budget estimates, and work force skills, to assure that priority missions can be accomplished safely and efficiently.
- # *To restructure the Department of Energy contractor work force* — establish work force restructuring policy, coordinate and implement work force restructuring, and evaluate the outcomes of work force restructuring plans consistent with section 3161 of the National Defense Authorization Act for Fiscal Year 1993, the contract reform initiative, and other Departmental policies.
- # *To provide fair treatment to workers who must be displaced throughout the Department* — within budget constraints, provide benefits to affected workers, such as: incentives or other options to minimize involuntary layoffs; adequate advanced notification; retraining for other employment and rehiring preference to displaced workers where practicable; relocation assistance and outplacement assistance; and local community impact assistance, consistent with best business practices.
- # *To manage contractor labor relations* — establish policy for contractor labor relations, oversee the collective bargaining process, and assist field organizations in labor/management relations.
- # *To assist community transition* — develop policies for community transition, and assist communities affected by Departmental changes by facilitating their economic development planning and plan implementation activities to produce alternative replacement employment sources in affected communities.

- # *To identify and dispose of assets that are excess or unneeded for current Department missions — develop asset inventory procedures, develop and implement pilot projects designed to accelerate asset dispositions, establish a DOE-wide asset management recovery and disposition program, and work with field and program managers to develop cost-effective methods for asset disposition.*

Performance Measures

- # Through effective work force planning, the number of jobs vacated through incentivized and non-retirement separations that have to be filled by employees from outside the DOE complex will be 2 percent or less.
- # Limit involuntary separations to 60 percent of all separations while assuring maintenance of the essential work force skills mix.
- # At least 60 percent of separated workers seeking new jobs are reemployed within two years of separation.
- # Manage gross adjustments in the contractor work force affecting an estimated 3,000 to 5,000 workers in FY 2000. Provide separation benefits at an average cost per separated worker of less than \$25,000 (basic separation costs would be paid by the affected program and enhanced benefits would be paid by the worker transition program). Overall reductions in the work force are estimated to be approximately 2,000 positions.
- # Achieve annual cost savings from compensation for separated workers that is at least three times the one-time cost of separation.
- # Through community assistance, create or retain about 1,700 jobs in FY 2000. Maintain the average cost per job at less than \$10,000. The cumulative number of jobs created or retained will be 15,000 - 20,000 by the end of FY 1999 and 20,000 - 30,000 by the end of FY 2000.
- # Twenty-five collective bargaining agreements are renegotiated or renewed with no unresolved labor-management disputes.
- # Implement initiatives to accelerate asset conversion and reuse that will result in more than \$1 billion in long-term savings to the Department and facilitate economic diversification of local communities.

Significant Accomplishments and Program Shifts

- # At the Mound Facility, an agreement to expedite the plant closure was completed. Dependent upon appropriations, funding will be provided that will allow the Department to close and dispose of the plant three years earlier than planned and save between \$150 - 200 million in operating costs.
- # The program successfully managed the reduction of about 46,000 contractor personnel in six years (Fiscal Year 1993 - 1998).
- # Nearly two thirds of separations to-date have been voluntary, with an average (including workers separated through attrition) separation cost of approximately \$18,000 per position. When attrition is excluded, average separation costs have been approximately \$23,000.

- # Based on the average cost per contractor worker, total annual recurring savings to-date for the 46,000 prime contractor positions eliminated is in excess of \$3.3 billion for salaries and benefits.
- # Utilized the Community College Network Program (C2Net) to tailor new retraining programs for displaced workers at sites, such as, Portsmouth, Ohio, Grand Junction, Colorado, and Amarillo, Texas.
- # Used oversight and intervention to forestall or resolve serious conflicts in labor and management relations at Pantex, Argonne, Mound, Los Alamos, and Fernald.
- # Provided local impact assistance to affected communities that cumulatively created or retained over 16,000 private sector jobs through the end of FY 1998, with an anticipated additional 17,000 jobs by the end of the year 2001. One job has been created or retained to date for each \$9,500 provided to affected communities by the program. This figure compares favorably with the experience of other Federal agencies in similar efforts.
- # Achieved \$ 32.89 million in total proceeds returned to the Treasury through the completed Asset Sales Initiative.

Funding Profile

(dollars in thousands)

	FY 1998 Current Appropriation	FY 1999 Original Appropriation	FY 1999 Adjustments	FY 1999 Current Appropriation	FY 2000 Request
Worker and Community Transition					
Worker and Community Transition	57,659	26,000	0	26,000	26,500
Program Direction	3,500	3,900	0	3,000	3,500
Subtotal, Worker and Community Transition	61,159	29,900	0	29,900	30,000
Use of Prior-Year Balances ^a . . .	-11	-1,698	0	-1,698	0
Total, Worker and Community Transition	61,148	28,202	0	28,202	30,000

Public Law Authorization:

Public Law 102-484, "National Defense Authorization Act for Fiscal Year 1993," Section 3161

^aOffice of Worker and Community Transition portion of Other Defense Activities reductions for use of prior-year balances

Funding by Site

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Albuquerque Operations Office					
Kansas City	7,000	0	0	0	0.0%
Los Alamos National Laboratory	5,600	0	0	0	0.0%
Pantex	300	200	0	-200	-100.0%
Sandia	650	0	0	0	0.0%
Total, Albuquerque Operations Office	13,550	200	0	-200	-100.0%
Headquarters	4,196 ^a	3,987 ^b	15,500 ^c	+11,513	288.8%
Idaho Operations Office	6,000	6,863	6,000	-863	-12.6%
Nevada Operations Office	5,000	0	0	0	0.0%
Oakland Operations Office					
Lawrence Livermore National Laboratory	150	0	0	0	0.0%
Ohio Field Office					
Fernald Area Office	262	1,000	1,000	0	0.0%
Mound Area Office	0	5,000	5,000	0	0.0%
Total, Ohio Field Office	262	6,000	6,000	0	0.0%
Oak Ridge Operations Office					
Oak Ridge Operations Office ...	10,600	2,800	1,500	-1,300	-46.4%
Paducah Site Office ^d	400	0	0	0	0.0%
Portsmouth Site Office ^d	6,100	0	0	0	0.0%
Total, Oak Ridge Operations Office	17,100	2,800	1,500	-1,300	-46.4%
Richland Operations Office	3,880	6,000	1,000	-5,000	-83.3%
Rocky Flats Field Office	6,271	2,500	0	-2,500	-100.0%
Savannah River Operations Office ..	4,750	1,550	0	-1,550	-100.0%
Subtotal, Worker and Community Transition	61,159	29,900	30,000	+100	0.3%
Use of prior year balances	-11	-1,698	0	0	0.0%
Total, Worker and Community Transition	61,148	28,202	30,000	+1,798	6.4%

^aIncludes \$3,500,000 Program Direction costs and \$1,247,000 not allocated during FY 1998.

^bIncludes \$3,900,000 Program Direction costs.

^cIncludes \$3,500,000 Program Direction costs and \$14,500,000 not designated at this time.

^dAn additional \$20,000,000 in a reimbursable account established by United States Enrichment Corporation (USEC) for worker and community transition activities is not included in this table for FY 1999 and FY 2000. The funds are designated for Paducah and Portsmouth which are administered by the Oak Ridge Operations Office.

Site Description

Kansas City Field Office

The Kansas City Field Office is a former weapons facility that experienced a significant down-sizing in FY 1998. Funding was provided during that fiscal year for work force restructuring. But, because of the size and relative health of the Kansas City economy, no community transition funding was requested.

Los Alamos National Laboratory

The Los Alamos National Laboratory has experienced significant work force adjustments in past fiscal years. Because of its isolated location, the Laboratory has constituted a significant portion of the local economy. Worker transition funding was provided to satisfy current needs for worker benefits. Community transition funding has been provided to assist the local community in diversifying their economic base while taking advantage of the human resources of the facility. At this time, the community reuse organization is not expecting a need during FY 1999 or FY 2000. However, their estimate may change depending upon events that occur in the future.

Pantex Plant

The Pantex Plant is located in Amarillo, Texas, and has been dismantling nuclear weapons. Worker transition funding has been provided to satisfy the existing need to pay worker benefits. Community transition funding has been provided to assist the affected community in the planning to diversify their economy. Although their planning has not yet progressed to the point that they are prepared to estimate a need for community assistance, the CRO may request community transition funding in the future, possibly during FY 1999 or FY 2000.

Sandia National Laboratory

Worker transition funding was provided to the Sandia Laboratory in order to satisfy the benefit payments of workers. Community transition funding was provided to help the affected community plan to diversify the local economy. Those planning efforts are not yet completed. Therefore, the CRO for the Sandia Laboratory may later request funding for FY 1999 and/or FY 2000.

Headquarters

Any funding which has not been committed is reserved at headquarters. Since the work force restructuring is counter-cyclic, i.e., it has the greatest activity when other budgets are decreasing and vice versa. Until the other program budgets are known, it is not possible to estimate where work force restructuring funding will be needed. Estimates have been made for FY 1999 based upon appropriations for other programs. However, the majority of the work force restructuring funding for FY 2000 is now shown as being at Headquarters because the sites that will be experiencing work force restructuring are unknown at present.

Community transition is also counter-cyclic but is a longer-term process which enables better estimates of anticipated needs. Funding allocations in this program depend upon the submission of adequate proposals from the local community. Although estimates of funding have been made for FY 2000, the allocation of estimated funding among sites will depend upon the relative merits of program proposals not yet submitted and the local communities' management of their respective programs. Since both of these factors are currently unknown, many of these estimates are subject to change.

Idaho Operations Office

The funding for the Idaho Operations Office is primarily to satisfy the Department's obligations under a legal settlement for the nuclear spent fuels program. Under that settlement, the Department agreed to provide \$30 million to the State of Idaho over five calendar years, dependent upon appropriations being adequate. The Department made the first payment of \$3 million in FY 1996 followed by \$6 million in successive fiscal years. Funding will be complete with a \$3 million payment to be made in FY 2001 (calendar year 2000).

Nevada Operations Office

The funding for the Nevada Operations Office was provided to the CRO to diversify the regional economy to develop replacement industry that can utilize the skills of the workers affected by downsizing. During FY 1998, the Department provided funding for a set of projects totaling \$5 million. The CRO does not expect to request additional funding during FY 1999 or FY 2000 but changing circumstances could cause them to revise their estimates.

Lawrence Livermore National Laboratory

Work force restructuring assistance was provided to the Lawrence Livermore Laboratory to satisfy the need for benefits for workers affected by downsizing. At this time, no funding needs are estimated for FY 1999 or FY 2000.

Fernald National Laboratory

The Fernald Laboratory has only recently experienced work force restructuring. Therefore, the need to develop alternative employment in a diversified economy had not previously been a concern. With recent work force restructuring actions and the intention to completely close and demolish the facility in the future, replacement employment has become important. Because reindustrialization of the site will not be possible, all new employment opportunities will need to come from hiring outside the Fernald facility at other businesses in the community or new businesses that open. The funding for FY 1999 and FY 2000 is for the purpose of creating or maintaining jobs within the Fernald Laboratory community.

Mound Area Office

The FY 1999 and FY 2000 funding for the Mound Facility is to honor the Department's commitment, contingent upon appropriations, to accelerate the transfer of the entire facility out of the Department's ownership. The local community reuse organization would then use the facility to attract replacement industry to employ former workers. The Department would experience significant savings of \$150 - 200 million since it would be saved having to pay operating costs three years earlier than previously planned.

Oak Ridge Operations Office

The funding for the Oak Ridge office includes both worker and community transition funding. The work force restructuring funding included more than \$2 million in FY 1998 to pay the benefits of workers affected by downsizing. The FY 1999 budget includes an additional \$2 million for such purposes with up to 1000 workers estimated to be affected by restructuring during FY 1999. The community transition funds are to assist in attracting replacement industries for this latest group of displaced workers. An important element of the replacement industries is the reindustrialization program. This program consists of an effort to attract industries that can use excess Department of Energy facilities and equipment. The reindustrialization program will reduce the Department's maintenance costs as well as provide similar employment using familiar equipment for former workers.

Paducah Site Office

On June 30, 1998, the United States Enrichment Corporation (USEC) signed a two-year agreement with the Department to provide \$20 million reimbursable account for work force restructuring and community transition activities similar to those at other sites. The \$20 million will provide for the expected cost of work force restructuring and a portion of the expected costs for community transition. The funding would be shared with the Portsmouth facility.

The funding within FY 1999 and FY 2000 will be from the USEC account. If funds become available, some other allocations for community transition may be possible.

Portsmouth Site Office

On June 30, 1998, the United States Enrichment Corporation (USEC) signed a two-year agreement with the Department to provide \$20 million in a reimbursable account for work force restructuring and community transition activities similar to those at other sites. The \$20 million will provide for the expected cost of work force restructuring and a significant portion of the expected costs for community transition. The funding would be shared with the Paducah facility.

The funding within FY 1999 and FY 2000 will be from the USEC account. If funds become available, some other allocations for community transition may be possible.

Richland Operations Office

The funding for the Richland Office includes \$2 million for work force restructuring activities during FY 1999 to provide enhanced benefits for up to 1000 workers affected by restructuring activities. The estimated needs for community transition is \$4 million in FY 1999 and up to \$5 million could be provided in FY 2000. This funding will assist the local community reuse organization in further diversifying the economy. An important element of the effort to diversify the economy includes reindustrialization of the Hanford site. In this program, the CRO seeks to attract industries that can use excess Department of Energy facilities and equipment. The reindustrialization program will reduce the Department's maintenance costs as well as provide similar employment using familiar equipment for former workers.

Rocky Flats Office

The Rocky Flats Office experienced a work force downsizing in FY 1998 that required the use of almost \$5 million of the funding indicated for that year. The balance of the funding was for the community reuse organization to assist in diversifying the local economy. During FY 1999, the estimated need is for funding for enhanced benefits for about 500 - 700 workers. At this time, the CRO has not estimated any need for community transition funding. However, circumstances may change and funding may be requested at some time in the future.

Savannah River Operations Office

Most of the funding for the Savannah River Operations Office is for work force restructuring activities. The balance is for community transition. However, circumstances may change and additional community transition funding may be needed.

Worker and Community Transition

Mission Supporting Goals and Objectives

The activities of the work force restructuring program establish policy for, coordinate implementation of, and evaluate the outcomes of work force restructuring consistent with section 3161 of the National Defense Authorization Act for Fiscal Year 1993, the contract reform initiative, best business practices and other Departmental policies as well as Objectives CM-2 and CM-3 of the Strategic Plan. The functions of the work force restructuring program include providing guidance to DOE field management for developing work force restructuring plans; assuring adequate advance notification for planned reductions; reviewing and approving voluntary incentive programs to encourage workers with redundant skills to separate; reviewing draft work force restructuring plans prior to circulation for stakeholder review and comment; approving necessary involuntary separations; providing enhanced benefits to former defense program contractor employees being separated; and submitting final work force restructuring plans to the Congress. Based on Secretarial direction, work force restructuring objectives are considered for reductions that exceed a threshold of 100 workers at any site, including those not specifically covered by section 3161, in a single year. This activity assures that necessary work force reductions are conducted in a manner that encourages voluntary separations, assists displaced workers in securing new employment, provides basic benefits for a reasonable transition period, and is consistent with cost guidance and best business practices. The activity makes critical priority decisions to match these objectives with fiscal constraints.

Work force planning assures that contractor work force restructuring is conducted in a manner that assures that critical skills for ongoing mission requirements are retained, enhances efficiency, and accurately forecasts mission performance implications of potential future budget reductions. This goal is being achieved through the development of an integrated work force planning process based on a uniform work force data base and classification system for Department contractor employment. It supports the Departmental objective of realigning efforts to areas of maximum efficiency without jeopardizing critical task assignments.

Management of contractor labor relations establishes policy for such activities, oversees the collective bargaining process, and assists field organizations in labor/management relations. These activities promote an improved working relationship between labor and management in the Department's contractor work force. The result is uniform application of relevant labor standards, increased productivity, enhanced safety and security, and a reduction in disruptive labor disputes. The function also helps to implement the contract reform initiative, outsourcing policy and other elements of strategic alignment.

Section 3161 of the FY 1993 Defense Authorization Act establishes an objective for the Department to "provide local impact assistance to communities that are affected by the restructuring plan" and to coordinate such assistance with other federal programs. This activity also provides an informational clearinghouse to assist local community economic development planning; identifies potential sources of both public and private funding outside the Department; and, on a high priority basis, funds projects that have a high probability of producing positive results for displaced workers and their affected communities. The Office has established criteria for evaluating community transition funding proposals and has signed an interagency agreement with the Department of Commerce to utilize its independent expertise to evaluate and approve proposals. The Department, in close cooperation with parties in the

affected communities, also seeks to utilize excess Departmental assets to help create economic activity and produce replacement employment for workers displaced by work force restructuring plans.

The mission of the asset management program is to develop a corporate strategy for the disposition of materials and assets in response to new missions for the Department along with a declining budget and resultant reductions both in the number of persons employed by the Department of Energy and the size of the physical plant. Elements of the strategy include the development of guidance and managing the implementation of the asset management program, assisting program managers in reducing the real and personal property holdings of the Department and in responding to new Departmental missions. The program is also developing procedures for asset sales and transfers, leasing and donation procedures, and material and asset management programs in field and program offices. Asset management program implementation actions now are focusing on pilot project proposals, such as recovery of precious metals from weapons components, electronic scrap recycling and reuse, sale of heavy water, facilities reuse, and the disposition of unneeded assets, which are designed to provide a financial return to the Federal government while reducing the overhead expenses of the Department through the disposition of the assets as well as stimulating regional and local economic development. The funding for the asset management program is included in program direction.

Funding Schedule

(dollars in thousands)

	FY 1998	FY 1999	FY 2000 ^a	\$ Change	% Change
Work Force Restructuring	18,054	9,400	9,400	0	0.0%
Community Transition Assistance	39,605	16,600	17,100	+500	3.0%
Total, Worker and Community Transition . . .	57,659	26,000	26,500	+500	1.9%

^aFY 2000 estimates are preliminary. Because the Worker and Community Transition Program is counter-cyclic, more exact estimates will depend on other program funding during FY 2000.

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000
---------	---------	---------

Work Force Restructuring

Reviewed and approved work force restructuring actions affecting about 3,000 prime contractor positions during FY 1998. Review and approve work force restructuring plans and actions that could affect 3,000 to 5,000 workers in both FY 1999 and FY 2000, based on currently projected Departmental activities. Affected sites — as accurately as they can be determined at present — are addressed in the discussion of site funding. Through language in the FY 1998 appropriations legislation, funding under authority of Sec. 3161 provides only for the enhanced benefits of separations.

The funding shown does not include the enhanced benefits for workers at the gaseous diffusion plants at Paducah and Portsmouth until after June 30, 2000. Up to that date, those benefits will be paid from a reimbursable account provided by the United States Enrichment Corporation (USEC).

Coordinate work force planning activities to retain critically needed skills to meet ongoing missions in the face of an additional adjustments in the contractor work force (on top of the 29% reduction that has occurred between FY 1994-97), and to review and fund requests for enhanced separation benefits from field offices.

Continue to assist field offices in maintaining early and open communication between labor unions and management and in the conduct of negotiations.

The elements of work force planning and labor negotiations will impact the achievement of the performance measures discussed earlier. For work force restructuring, the measures include outside hiring levels, number of involuntary separations, reemployment of workers, and reducing the size of the work force while keeping separation payments within a target level.

The proposed level of funding considered both the estimated number of workers to be separated and the individual cost of each worker

	18,054	9,400	9,400
Total, Work Force Restructuring	18,054	9,400	9,400

Community Transition Assistance

(dollars in thousands)

	FY 1998	FY 1999	FY 2000
Approved community transition projects which have created or retained approximately 16,000 jobs as of the end of FY 1998. About 3,300 of the jobs created or retained resulted from FY 1998 funding. Additional funding is expected to create about 550 jobs in FY 1999, and 350 in FY 2000. (See also jobs created in the State of Idaho and at the Mound Facility, discussed below)	33,605	5,600	6,100
Under the terms of a legal settlement with the State of Idaho, the Department is committed to provide a total of \$30 million over the calendar years 1996 - 2000, contingent upon appropriations, to the State of Idaho. This funding is expected to create about 600 jobs per year.	6,000	6,000	6,000
At the Mound Facility, the Department has committed to providing \$15 million over three years, contingent upon appropriations, to accelerate the reuse of the site following its sale. The funds would be used in conjunction with other grants to perform site improvement work which would make the Mound Facility more marketable. This funding is expected to create a total of about 1,500 jobs, with about 500 jobs each fiscal year to result from the funding. The Department would save \$150 - 200 million by this early closure because it could stop paying the operating costs three years earlier than had been planned.	0	5,000	5,000
Total, Community Transition Assistance	39,605	16,600	17,100
Total, Worker and Community Transition	57,659	26,000	26,500

Explanation of Funding Changes from FY 1999 to FY 2000

FY 2000 vs. FY 1999 (\$000)

Community Transition Assistance

#	If the funding required for work force restructuring activity is less than what is presently assumed, the Department would propose to make the difference available for community transition	+500
	Total Funding Change, Worker and Community Transition	+500

Worker and Community Transition Program Direction

Mission Supporting Goals and Objectives

Program direction provides funding for administrative support to ensure that all operations are conducted in the most effective and efficient manner. This element also provides for the personnel and contractual services of all federal management and administrative personnel to carry out the missions of the Office of Worker and Community Transition at Department of Energy Headquarters and Field Offices.

Program direction has been grouped into four categories:

Salaries and Benefits provides for all the salaries, other benefits, e.g., employer contribution to retirement, employer contribution to health benefits and awards for superior service. The employees funded by this category perform strategic planning for the program, integrate internal and external policies and directives; represent the Office both within and outside the Department; provide technical direction and guidance for programs and projects; perform program assessment; and exercise internal controls.

Travel is provided for the traveling and per diem expenses of program staff in the performance of their official duties. Under certain circumstances, travel expenses of non-government personnel or government personnel from other programs may be compensated if they are serving a mission of the Office. Specifically, staff travel to affected communities to provide technical and program assistance to field offices, contractor employees, and community representatives and conduct program assessments. They also participate in meetings, conferences, and training selected to increase their professional expertise and program effectiveness.

Support Services for the Office of Worker and Community Transition consists of the payment for management support services of non-government personnel. These personnel assist the staff of the Office of Worker and Community Transition in accomplishing their missions by providing technical support, performing or assisting in program analyses, and assisting in the subsequent preparation of reports. The support services personnel also provide general program management functional support.

Other Related Expenses includes the necessary materials, services, utilities, and office space needed to conduct the program in an efficient manner. The major portion of this category consists of the items included in the working capital fund. This working capital fund includes such items as, office space; telephones; printing and duplicating services; and computer network connections and technical support. The other portion of other expenses includes procurement of supplies for the conduct of office functions.

Funding Schedule

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Headquarters					
Salaries and Benefits	2,128	2,302	2,250	-52	-2.3%
Travel	75	85	85	0	0.0%
Support Services	776	932	572	-360	-38.6%
Other Related Expenses	521	581	593	+12	+2.1%
Total, Program Direction	3,500	3,900	3,500	-400	-10.3%
Full Time Equivalentents	27	24	22	-2	-8.3%

Detailed Program Justification

(dollars in thousands)

FY 1998	FY 1999	FY 2000
---------	---------	---------

Salaries and Benefits

Staff oversaw actions to achieve approximately 5,000 prime contractor reductions in FY 1998 and will oversee 3,000 to 5,000 employment changes in FY 1999 and FY 2000. They will work to streamline the approval of work force restructuring plans and develop and implement policies to integrate contract reform mechanisms. They will provide oversight of upcoming labor negotiations at four sites. They will continue efforts to mitigate impacts on communities affected by work force reductions. Staff will develop a corporate asset and privatization program during each of FY 1999 and FY 2000.

During FY 1998, the Asset Management Program staff completed an inventory of unneeded Departmental materials and assets to be made available for sales or transfers. The Asset Management Program has the goal of realizing \$15 million in asset sales during each of FY 1998, 1999, and 2000.

	2,128	2,302	2,250
--	-------	-------	-------

Travel

Travel will enable staff to provide technical assistance to field offices on work force planning and community transition. Staff will also be able to assist field offices in labor negotiations, conducting program assessments, and providing technical assistance in asset management. Training is also included in this cost category. The increased funds would allow a staff member to enroll in the Federal Executive Institute training program during each of FY 1999 and FY 2000

	75	85	85
--	----	----	----

(dollars in thousands)

FY 1998	FY 1999	FY 2000
---------	---------	---------

Support Services

A major element of technical support during FY 1999 will consist of assisting the Office of Worker and Community Transition in implementing the new Work Force Information System (WFIS). This system will allow the department and its site management contractors to assess the skills of the present work force in comparison to projected needs and match the skills of workers identified for separation with the needs of vacancies Overall, this system should lead to better personnel management, reduce separation costs, and contribute to retaining important skills.

The management support includes performing general management functions and conducting analyses and assessments and assisting in the preparation of the subsequent reports.

776	932	572
-----	-----	-----

Other Related Expenses

The amount in this category consists mainly of the working capital fund. Space rental, telephones, copiers and printing, computer support, general office supplies, and mailing costs are included in this fund. Other expenses are for items not encompassed by the working capital fund, e.g., computer software and professional journals.

521	581	593
-----	-----	-----

Total, Program Direction

3,500	3,900	3,500
-------	-------	-------

Explanation of Funding Changes from FY 1999 to FY 2000

 FY 2000 vs.
 FY 1999
 (\$000)

Salaries and Expenses

Decrease of \$20,000 in Salary and Benefits is due to the reduction in FTE's partially offset by a projected pay increase -52

Travel

No change is expected in Travel 0

Support Services

Decrease of \$492,000 in support services is due to the completion of the Work Force Information System development. -360

Other Related Expenses

Increase of \$12,000 in the Other Related Expenses is due to the effect of inflation +12

Total Funding Change, Program Direction -400

Support Services

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Technical Support Services	0	0	0	0	0.0%
Management Support Services	636	772	407	-365	-47.3%
ADP Support	80	100	100	0	0.0%
Administrative Support Services	60	60	65	+5	8.3%
Total, Management Support Services	140	160	165	+5	3.1%
Total Support Services	776	932	572	-360	-38.6%

Other Related Expenses

(dollars in thousands)

	FY 1998	FY 1999	FY 2000	\$ Change	% Change
Working Capital Fund	476	535	546	+11	2.1%
Other	45	46	47	+1	2.2%
Total, Other Related Expenses	521	581	593	+12	2.1%