U.S. Department of Energy
FY 2006

Support Cost By Functional Activity Report

This report and additional functional support cost details from the 29 contributing Major Site Facility Contractor sites are available online at:
http://www.cfo.doe.gov/cf1-2/scfa.htm

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INTRODUCTION

PURPOSE OF THE REPORT

The purpose of this report is to highlight the amounts of and trends in support costs incurred by 29 of the Department's largest contractors, classified by functional activity. These represent the majority of contractor support costs for the Department's sites. This report is issued in response to the House Report, 105-581, accompanying the Energy and Water Development Appropriations Act for fiscal year (FY) 1999, which commended the Department on the development of the Support Cost by Functional Activity (SCFA) System and the annual SCFA Report. Support activities are functions that are necessary to be performed to enable Department of Energy (DOE) sites to accomplish their direct mission activities. Accounting, procurement, human resources, safety and health, and maintenance are examples of support cost. An example of a direct mission activity (not included in support) could be a scientist directly involved in performing research. Support costs do not include the costs of capital equipment or construction.

While support costs represent a substantial amount of money, management of these costs is the responsibility of the predominant program at each site. DOE corporate budget and accounting systems do not provide visibility for these costs. This report provides the relevant insights into support costs for the Department.

WHY CAPTURE SCFA?

The functional cost concept recognizes that the classification of costs as being charged in a direct or indirect manner is not relevant to measuring the activity required to support direct mission programs in the Department. Therefore, instead of classifying costs as direct or indirect, they are classified as either mission direct, construction or support costs. These components together represent total program costs. By eliminating the focus on how costs are distributed, a better picture may be obtained as to how much is being expended to support our critical missions and whether those amounts appear reasonable.

BACKGROUND

The SCFA Report began as a way to identify the cost of the Department's support programs and the trends in those costs. The managing and reporting of support costs was initiated as a cooperative effort between the Office of the Chief Financial Officer, the Department's program offices and the Financial Management Systems Improvement Council (FMSIC). This relationship is based on a belief that the appropriate amount of support cost was best determined at the levels closest to the activities, that is by the cognizant Departmental field offices and the contractors.

Prior to FY 1997, Department-wide support cost data showing the nature of, amount of and trends in these costs was not available. For example, the Office of Environmental Management could not determine how much of its funding for environmental cleanup at DOE sites was being expended on actual "hands on" cleanup versus support-related activities. Recognizing the importance of managing these costs, and in response to requests from Congress and the Government Accountability Office (GAO), the Department's Chief Financial Officer implemented the SCFA System. Site contractors provide cost data to DOE Field Chief Financial Officers (CFO). This data is reviewed, input into the SCFA System and certified as accurate. In implementing SCFA to track support-related costs, consistent definitions for 22 specific cost categories—such as facility management, utilities and site maintenance—that contractors use in reporting their support-related costs were developed. These 22 specific categories fall into three broad categories: general support, mission support and site specific support. The remaining cost incurred by the Department represents direct mission activity, as well as capital equipment and construction costs. Definitions of support cost categories were developed jointly by the Department's program offices, the Office of the Chief Financial Officer and FMSIC to ensure that contractors conform to uniform reporting standards.

The SCFA Report is only one of several tools to help improve support cost management. We also recognize the other roles/tools of site offices, including institutional planning, performance appraisals and broad sharing of lessons learned and best practices among laboratories/contractors who regularly update their progress.

FMSIC

FMSIC is a Departmental financial management idea-sharing forum comprised of DOE CFO staff and contractors. FMSIC provides a forum for contractors to share successful approaches (best practices), which could provide gains in budget and accounting economy and efficiency. FMSIC also established the SCFA Peer Reviews Program designed to ensure consistency and data integrity in support cost reporting. The Council meets periodically to discuss contractor financial management issues, including support costs and the results of peer reviews. In addition, the FMSIC web page (http://info.inel.gov/fmsic/index.html) contains a new Frequently Asked Questions section to share common questions and answers across the DOE complex regarding definitions, classification of costs or other relevant issues to support cost reporting.

EXTERNAL AUDITS AND REVIEWS

GAO recommended in its September 2002 report, "*DOE Contractor Management: Opportunities to Promote Initiatives That Could Reduce Support-Related Costs*" (GAO-02-1000) (http://www.gao.gov/new.items/d021000.pdf), that the Department "…develop a system to analyze the merits of cost-saving initiatives implemented at contractor sites, identify those that have broader applicability in DOE and work with program offices to promote those most likely to reduce support-related costs." In response, the Department collected, reviewed and highlighted cost-saving initiatives with broad applicability beginning with the FY 2002 annual report. It is the Department's intent to promote those initiatives that may provide opportunities for other contractors across the complex. The annual report is provided to all headquarters program offices, field locations and individual contractors.

In September 2005, the GAO issued its report, "*Department of Energy: Additional Opportunities Exist for Reducing Laboratory Contractors' Support Costs,"* (GAO-05-897) (http://www.gao.gov/new.items/d05897.pdf). In the report, GAO concurs with the Department that indirect cost rates cannot be compared across sites and that support costs provide a valid basis for assessing internal cost management. The report identified five recommendations to further improve the Department's management of support costs. The Department concurred and is taking steps to address all the recommendations presented by GAO.

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LIMITATIONS OF SUPPORT COST DATA

This report is a cost management tool and cannot be used for making site-to-site comparisons due to the numerous site specific factors that influence support costs. In addition, support cost alone should not be used to make broad program funding decisions. The report may be used in conjunction with other tools (e.g. budget reports, planning documents, etc.) to promote stronger program management and planning. By eliminating the focus on how costs are distributed, a better picture may be obtained as to how much is being expended for support activities and whether those amounts are reasonable.

Functional support cost is not determined based on fully allocated cost and cannot automatically be interpreted as indirect/overhead costs as this term is defined by the Cost Accounting Standards (CAS) included in the Federal Acquisition Regulations. The contractors are subject to CAS and do not budget, accumulate or distribute costs in their formal accounting systems in the manner reflected in this report. In the formal accounts, the amounts reported as functional cost are distributed, directly or indirectly, to program activities and lose their identity. Therefore, the functional support costs are reported on a prime cost basis (i.e., prior to any cost distribution) and, by definition, may include both direct and indirect costs.

The data reflected in the report was obtained by analyzing information contained in the contractors' financial management systems and apportioning costs into the SCFA categories. While the total cost for each contractor is accurate and a standard set of definitions was used, apportioning the costs to functional categories requires the exercise of management judgment. Numerous factors affect the mix and volume of expenditures at a given site. These factors vary from site-to-site in both applicability and relative magnitude. For example, cost differences across sites may result from variances in the type, size, nature, environment, etc., of actual work activities.

Field offices are responsible for the quality of the functional cost and cost savings initiative data. DOE Field CFOs review and certify each submission for accuracy. The goal for data accuracy is 100 percent, although it is recognized that it may not be possible to achieve an overall accuracy greater than 90 to 95 percent due to professional judgment involved in categorizing cost at each site. However, the current level of accuracy is sufficient for trending costs at a given site over time, but not necessarily for comparison across sites.

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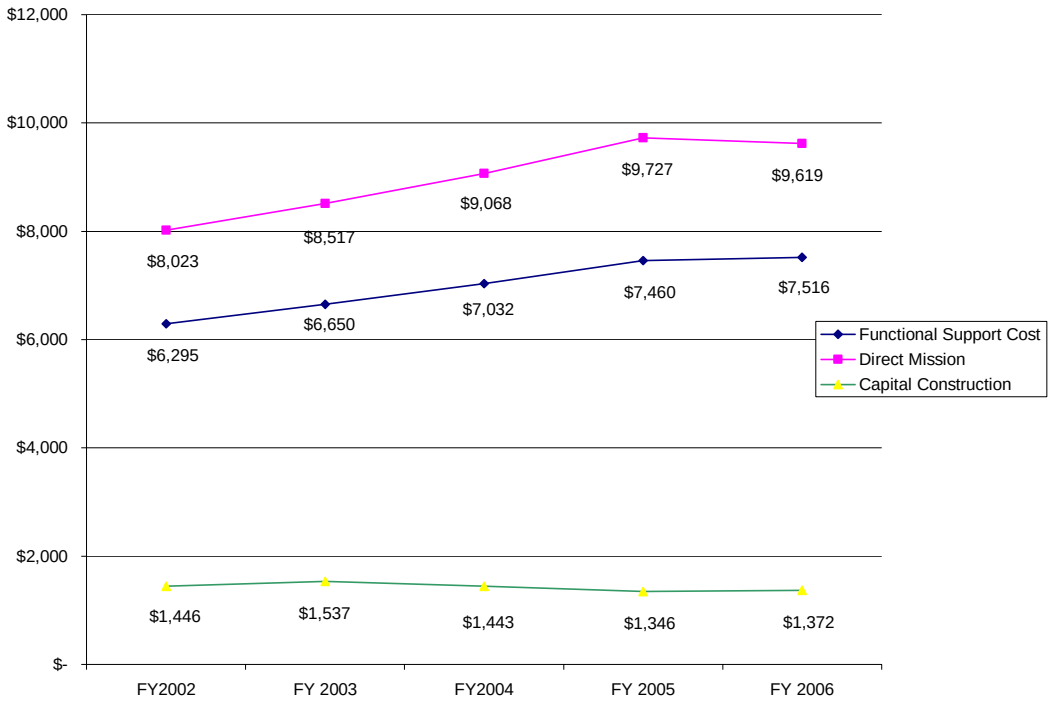
DEPARTMENTAL RESULTS AND TRENDS

The Department's 29 largest contractors reported total costs of $18.5 billion in FY 2006. This includes $9.6 billion in mission direct, $1.4 billion in capital/construction and $7.5 billion in total support costs. All support cost terms are defined in Appendix A of this document.

Please note that the contributing sites for the FY 2006 Support Cost Report have changed. First, the Rocky Flats Site, which is now considered closed, is no longer reporting support cost data. All prior year support cost data has been restated to eliminate the Rocky Flats costs. In addition, Idaho National Laboratory is reporting support cost data in FY 2006 for three separate contractors versus one consolidated submission. This difference will only be identifiable in supporting information provided on the Department's website.

As Chart 1 shows, since FY 2002, the Department's direct mission has increased by $1.6 billion, while functional support costs have increased by only $1.2 billion and capital/construction has decreased by $74 million.

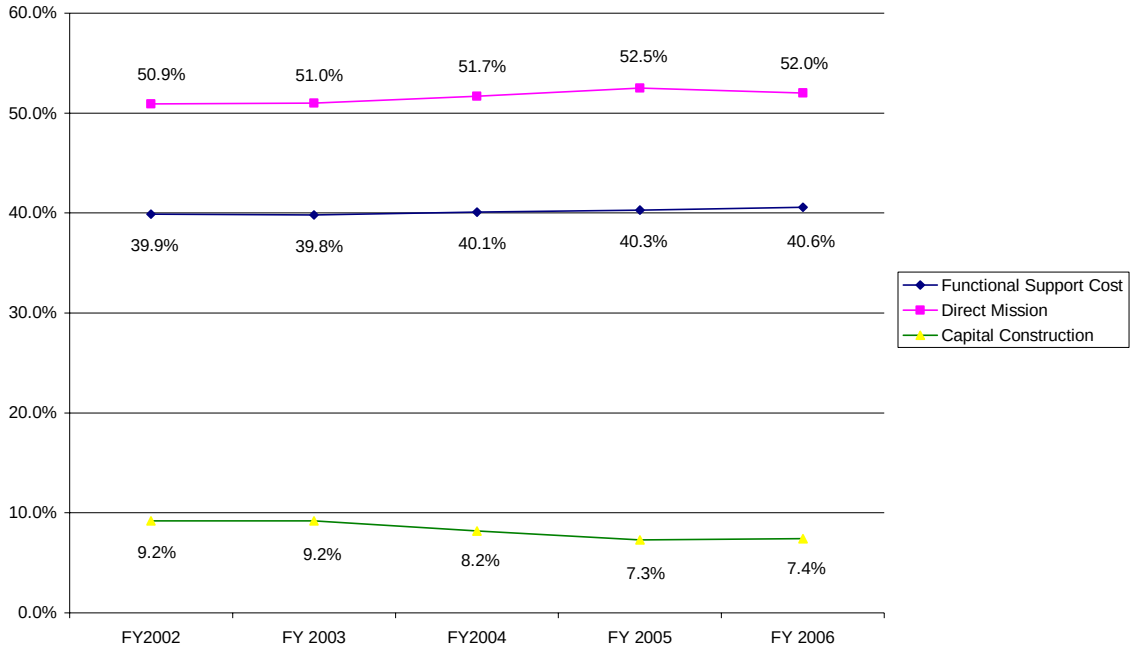
Chart 1 - Support Cost Trend Relative to Direct Mission and Construction ($000,000)*



* FY 2002 - FY 2005 has been restated to reflect the closure of Rocky Flats.

As Chart 2 displays, 52.0 percent of total costs were expended on mission direct activities, 40.6 percent on functional support costs and 7.4 percent on capital/construction in FY 2006. The trend over the past five years indicates that the percentage of total cost invested in mission direct activities has increased by 1.1 percent, while support costs have increased by only .7 percent.

Chart 2 - Percent Of Total Cost for Each Component of Cost*



* FY 2002 - FY 2005 has been restated to reflect the closure of Rocky Flats.

Long-Term Analysis

The following table presents the annual change in actual support cost dollars vs. a FY 1995 baseline. This change represents amounts redirected to mission direct activities as a result of support cost management efficiencies.

Table 1 - Support Cost Analysis
(All dollars are in thousands)

Fiscal Year	(Mission Direct + Capital/Construction + Support Cost) = Total Cost	Support Cost As A Percentage of Total Cost	Percent Change From FY 1995 Baseline	Support Cost $ Change From the FY 1995 Baseline
1995	$13,992,966	43.6%		
1996	$13,298,807	42.6%	1.0%	$132,988
1997	$12,771,135	42.8%	0.8%	$102,169
1998	$12,905,644	42.3%	1.3%	$167,773
1999	$13,312,461	41.7%	1.9%	$252,937
2000	$14,394,608	40.4%	3.2%	$460,627
2001	$15,252,034	39.8%	3.8%	$579,577
2002	$15,763,615	39.9%	3.7%	$583,254
2003	$16,703,028	39.8%	3.8%	$634,715
2004	$17,542,814	40.1%	3.5%	$613,998
2005	$18,532,967	40.3%	3.3%	$611,588
2006	$18,507,155	40.6%	3.0%	$555,215
Total				$4,694,842

Note – Prior year statistics have been restated to eliminate Rocky Flats data as the site has closed.

If you consider FY 1995 data as a baseline, we can estimate how many additional dollars would have been consumed as support cost from FY 1996 through FY 2006. If the FY 1995 support cost rate remained at 43.6 percent in the eleven subsequent years, mission direct funding would have decreased by almost $4.7 billion. In FY 2006 alone, over $555 million extra dollars would have been spent on support costs had we maintained the same rate as in FY 1995. The visibility afforded by the support cost data allows the Department to perform this type of baseline analysis which demonstrates that more dollars have been invested in mission direct activities and less in support cost.

In FY 2006, the three largest functional support cost categories accounted for over 33 percent of the total functional support costs at the 29 contributing sites. The following is a brief description of each of the subcategories identified in Table 2 below.

Table 2 - Three Largest Functional Support Cost Categories of FY 2006

SUBCATEGORY	FY 2006 ($000,000)	FY 2006 Percent of Total Cost	FY 2006 Percent of Total Functional Support Cost
Maintenance	$868.7	4.7%	11.6%
Safety and Health	$811.4	4.4%	10.8%
Safeguards & Security	$805.4	4.3%	10.7%
Total	$2,485.5	13.4%	33.1%

- Maintenance - A significant number of the Department's facilities are aging and obsolete. The Department has begun to require contractors to address the backlog of maintenance projects while they also manage current maintenance needs. Although this effort will involve significant costs in the near term, it could reduce functional support costs in the long term.

- Safety and Health - These costs reflect a heightened emphasis on safety and are associated with safety and health programs, such as emergency preparedness, fire protection, industrial hygiene, industrial safety, occupational medical services, nuclear safety, work smart programs, radiation protection, transportation safety and management oversight.

- Safeguards and Security – The events of September 11, 2001, and the country's response to these events continue to drive safeguards and security costs higher. New requirements are consuming greater resources.

Table 3 - Trends (All dollars are in thousands)

	FY 2006 Support Cost $	FY 2006 As a Percent of Support Cost	FY 2002 Support Cost $	FY 2002 As a Percent of Support Cost	Change As a Percent of Support Cost FY 2002 - FY 2006	$ Change FY 2002 - FY 2006
Maintenance	$868,747	11.56%	$788,669	12.53%	-0.97%	$80,078
Safety and Health	$811,352	10.79%	$686,931	10.91%	-0.12%	$124,421
Safeguards and Security	$805,369	10.72%	$565,208	8.98%	1.74%	$240,161
Information Services	$782,690	10.41%	$688,945	10.94%	-0.53%	$93,745
Facilities Mgmt	$532,177	7.08%	$469,896	7.46%	-0.38%	$62,281
Management Fee	$523,104	6.96%	$429,707	6.83%	0.13%	$93,397
Utilities	$471,418	6.27%	$380,135	6.04%	0.23%	$91,283
LDRD/PDRD/SDRD	$338,884	4.51%	$280,476	4.46%	0.05%	$58,408
Program/Project Control	$231,657	3.08%	$214,988	3.42%	-0.33%	$16,669
Human Resources	$212,390	2.83%	$183,867	2.92%	-0.10%	$28,523
Environmental	$203,040	2.70%	$186,141	2.96%	-0.26%	$16,899
Executive Direction	$201,900	2.69%	$172,082	2.73%	-0.05%	$29,818
Information Outreach	$191,290	2.55%	$163,314	2.59%	-0.05%	$27,976
Lab/Tech Support	$189,980	2.53%	$150,474	2.39%	0.14%	$39,506
Central Admin Services	$186,158	2.48%	$193,487	3.07%	-0.60%	$-7,329
Logistics Support	$181,112	2.41%	$160,588	2.55%	-0.14%	$20,524
Quality Assurance	$171,398	2.28%	$123,914	1.97%	0.31%	$47,484
CFO	$162,273	2.16%	$135,197	2.15%	0.01%	$27,076
Procurement	$150,923	2.01%	$125,887	2.00%	0.01%	$25,036
Taxes	$128,922	1.72%	$94,428	1.50%	0.22%	$34,494
Other	$110,798	1.47%	$43,042	0.68%	0.79%	$67,756
Legal	$60,572	0.81%	$57,698	0.92%	-0.11%	$2,874
Total Support Cost	$7,516,154	100.00%	$6,295,074	100.00%	0.00%	$1,221,080

The 22 support cost categories are listed according to total FY 2006 support cost dollars. Maintenance remains the largest dollar support cost category, totaling $868 million in FY 2006. However, while maintenance required about 12.5 percent of total support cost in FY 2002, it declined to about 11.6 percent in FY 2006. As noted earlier, the Department's aging facilities are a major driver for cost in this category.

Safeguards and security had the largest increase from FY 2002, approximately $240 million. While in FY 2002 this category accounted for roughly 9 percent of the total support expenditures, it now accounts for almost 11 percent. New security requirements and a heightened national security posture have been the drivers for this increase in recent years.

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COST SAVING INITIATIVES

Reporting contractors provided information related to initiatives implemented to manage and reduce functional support costs at their sites.

For example, many of the Department's locations utilize Six Sigma, which is a rigorous, statistically based, customer-focused business methodology to improve work processes. By applying the disciplined and rigorous Six Sigma methodology and performance-based leadership tools, sustainable solutions to business problems can be delivered. This approach focuses on identifying and eliminating the cost of poor quality embedded in current business and operational processes through the use of qualitative and advanced quantitative tools and techniques.

Below are several cost saving initiatives, identified by the Department's contractors. Several of the following initiatives have broad applicability and may provide opportunities that could be used by other contractors throughout the Department. Other initiatives are more unique to specific locations. These savings, reductions or cost avoidances have been realized and reinvested at each site.

Tooling Work Improvement Project
Reported by Pantex ($8.2M)

Based on FY2006 production forecasts, it was determined that the process throughput for fabrication, modification and repair of special tooling needed to double or triple to meet production requirements. The manufacturing Engineering Department along with the Production Tooling Support Department was tasked to evaluate the Tooling Factory's current processes to identify and implement improvements that would ensure that the increased demand for tooling be satisfied. Analysis results indicated that the lack of a work management system (Tooling Schedule and Qualification Process) was the key contributor to delays in processing tools through the Tooling Factory. The process improvement team developed a "Worksheet" that would schedule tools through the modification, fabrication and repair processes within the Tooling Factory. The Tooling Schedule provided a method for managing the Tooling Factory near-term workload to meet the increased customer demand.

Energy Savings
Reported by Brookhaven National Lab ($8.0M)

The DOE Site Office at Brookhaven National Laboratory (BNL) worked with New York State agencies to develop a contractual relationship with New York Power Authority (NYPA) to deliver electric power to the BNL site at well-below market rate. As a result of that effort, New York State has delivered electric power to BNL at a rate of

approximately 6.6 cents per kilowatt, compared to a local industrial rate of approximately 14 cents per kilowatt. BNL expects to realize a savings of approximately $8.0 million annually due to this arrangement. The contract with NYPA will expire in June 2008. We will be initiating discussions with NYPA shortly in hopes of continuing this arrangement.

Cleanup Process at the Tonopah Test Range
Reported by Nevada ($7.9M)

A Six Sigma team looked into various alternatives to reduce the cost pertaining to cleanup activities located at the Tonopah Test Range. It was determined that the only controllable cost factor was to reduce the size of the cleanup area. Existing information was not adequate to shrink the approximately sixteen square mile cleanup area. The team secured classified information that reduced the area for screening and cleanup to only three square miles.

Merger Organizations
Reported by Lawrence Livermore National Lab ($1.2M)

Lawrence Livermore National Laboratory established an initiative to streamline the directorate's management team and reduce overhead costs. The laboratory pursued a strategy to merge the utilities function into the Plant Engineering organization and the telecommunication function into Information and Communication Services. Reducing the number of organizations and leveraging staff skills resulted in a cost reduction through the elimination of duplicate overhead positions.

Space Utilization

Reported by Pacific Northwest National Lab ($1.0M)

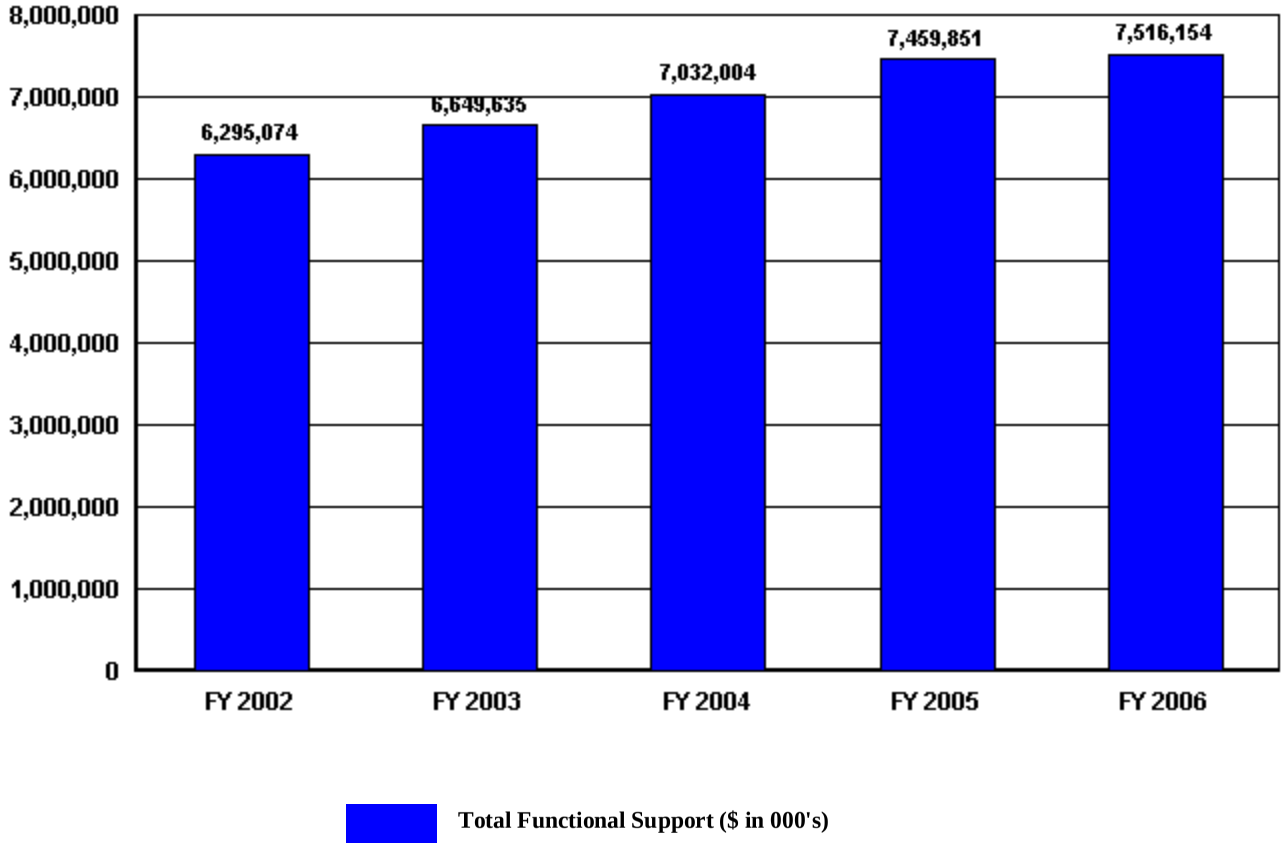
PNNL has initiated a series of projects to improve space utilization. Examples of these projects include removing out of date equipment from laboratory space, co-locating research equipment more efficiently, converting storage space/office space for use as lab space and upgrading lab interiors/infrastructure to better match current research requirements. This last fiscal year these activities provided approximately 18,000 net square feet of lab space and 80 office workstations to address incremental space needs – equivalent to a facility of approximately 50,000 gross square feet. If this incremental space had to be leased, annual total lease costs could exceed $1M per year.

Specific details regarding any of the 29 contributing contractor sites is available on the CFO's Office of Internal Review Home Page at: http://www.cfo.doe.gov/cf1-2/scfa.htm

Trends in Total Support Cost by Functional Categories
TOTAL FOR ALL MAJOR SITE FACILITY CONTRACTORS ($000)
FY 2006

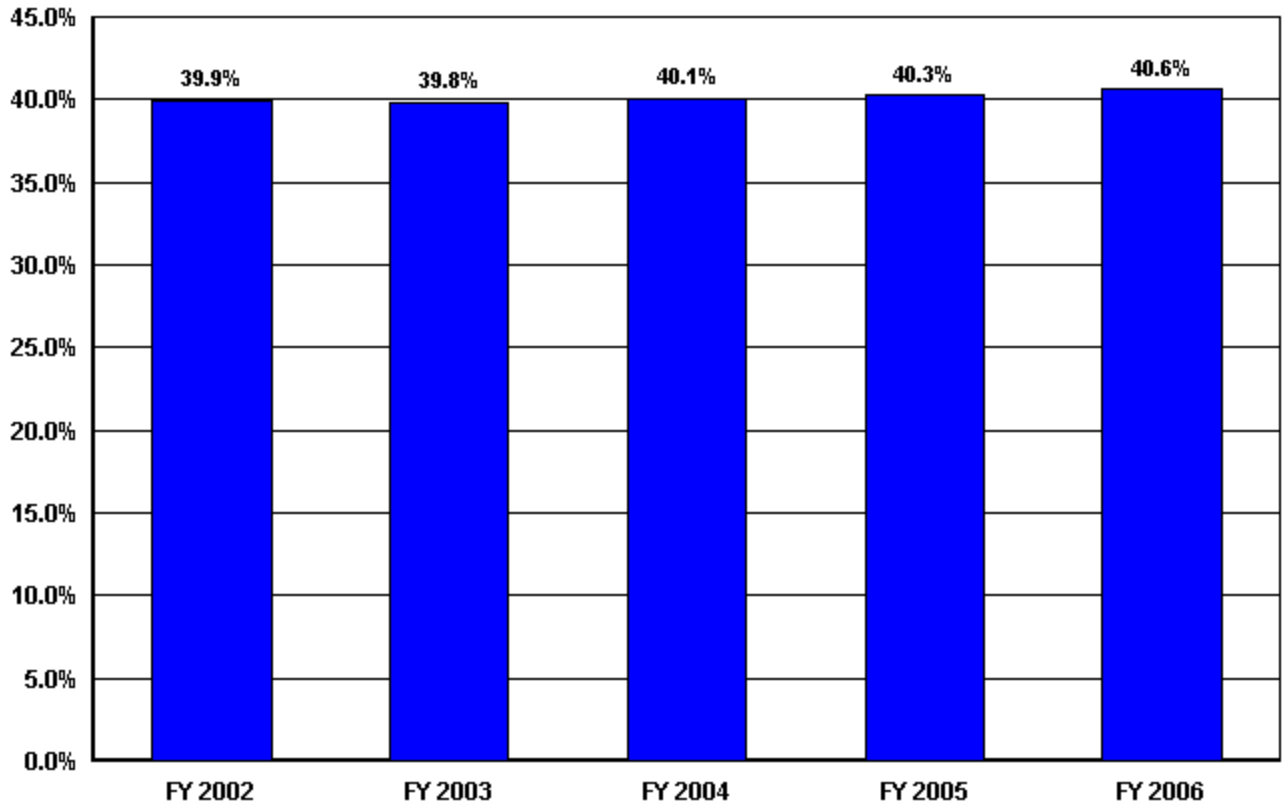
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	$ Change 2002 To FY 2006	% Change 2002 To FY 2006
Total Costs	15,763,615	16,703,028	17,542,814	18,532,967	18,507,155	2,743,540	17.4%
Capital Construction	1,445,740	1,536,512	1,443,083	1,345,974	1,371,938	-73,802	-5.1%
Total Costs Less Construction	14,317,875	15,166,516	16,099,731	17,186,993	17,135,217	2,817,342	19.7%
Total Support Costs	**6,295,074**	**6,649,635**	**7,032,004**	**7,459,851**	**7,516,154**	**1,221,080**	**19.4%**
Mission Direct Operation	8,022,801	8,516,881	9,067,727	9,727,142	9,619,063	1,596,262	19.9%
Mission Direct Operation as % of Total Cost	**50.9%**	**51.0%**	**51.7%**	**52.5%**	**52.0%**		
Capital Construction as % of Total Cost	**9.2%**	**9.2%**	**8.2%**	**7.3%**	**7.4%**		
Total Support Cost as % of Total Cost	**39.9%**	**39.8%**	**40.1%**	**40.3%**	**40.6%**		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		
TOTAL SUPPORT COST as % of TOTAL COST	**39.9%**	**39.8%**	**40.1%**	**40.3%**	**40.6%**		
TOTAL SUPPORT COST	**6,295,074**	**6,649,635**	**7,032,004**	**7,459,851**	**7,516,154**	**1,221,080**	**19.4%**
TOTAL GENERAL SUPPORT as % of TOTAL	**12.6%**	**12.7%**	**12.3%**	**12.5%**	**12.4%**		
TOTAL GENERAL SUPPORT	**1,978,507**	**2,116,777**	**2,166,067**	**2,313,586**	**2,290,651**	**312,144**	**15.8%**
EXECUTIVE DIRECTION	172,082	186,081	189,952	195,196	201,900	29,818	17.3%
HUMAN RESOURCES	183,867	201,500	201,550	219,819	212,390	28,523	15.5%
CFO	135,197	141,988	149,907	159,040	162,273	27,076	20.0%
PROCUREMENT	125,887	142,338	151,790	162,377	150,923	25,036	19.9%
LEGAL	57,698	63,309	55,295	62,872	60,572	2,874	5.0%
CENTRAL ADMIN SERVICES	193,487	206,297	204,377	210,156	186,158	-7,329	-3.8%
PROGRAM/PROJECT CONTROL	214,988	217,892	219,344	240,465	231,657	16,669	7.8%
INFORMATION OUTREACH	163,314	166,956	169,264	174,392	191,290	27,976	17.1%
INFORMATION SERVICES	688,945	739,391	764,335	783,255	782,690	93,745	13.6%
OTHER	43,042	51,025	60,253	106,014	110,798	67,756	157.4%
TOTAL MISSION SUPPORT as % of TOTAL	**22.3%**	**22.2%**	**22.5%**	**22.6%**	**22.9%**		
TOTAL MISSION SUPPORT	**3,511,956**	**3,714,966**	**3,952,748**	**4,180,264**	**4,234,593**	**722,637**	**20.6%**
ENVIRONMENTAL	186,141	188,726	189,084	196,202	203,040	16,899	9.1%
SAFETY AND HEALTH	686,931	722,525	745,874	800,247	811,352	124,421	18.1%
FACILITIES MANAGEMENT	469,896	530,772	575,640	582,709	532,177	62,281	13.3%
MAINTENANCE	788,669	821,551	852,107	890,193	868,747	80,078	10.2%
UTILITIES	380,135	376,825	387,113	427,406	471,418	91,283	24.0%
SAFEGUARDS AND SECURITY	565,208	633,882	715,150	772,171	805,369	240,161	42.5%
LOGISTICS SUPPORT	160,588	162,160	163,869	171,958	181,112	20,524	12.8%
QUALITY ASSURANCE	123,914	129,547	147,133	146,398	171,398	47,484	38.3%
LABORATORY/TECHNICAL SUPPORT	150,474	148,978	176,778	192,980	189,980	39,506	26.3%
TOTAL SITE SPECIFIC as % of TOTAL	**5.1%**	**4.9%**	**5.2%**	**5.2%**	**5.4%**		
TOTAL SITE SPECIFIC	**804,611**	**817,892**	**913,189**	**966,001**	**990,910**	**186,299**	**23.2%**
MANAGEMENT/INCENTIVE FEE	429,707	418,405	494,067	516,853	523,104	93,397	21.7%
TAXES	94,428	89,948	101,311	111,238	128,922	34,494	36.5%
LDRD / PDRD / SDRD	280,476	309,539	317,811	337,910	338,884	58,408	20.8%

US Department of Energy
Total Functional Support
TOTAL FOR ALL MAJOR SITE FACILITY CONTRACTORS



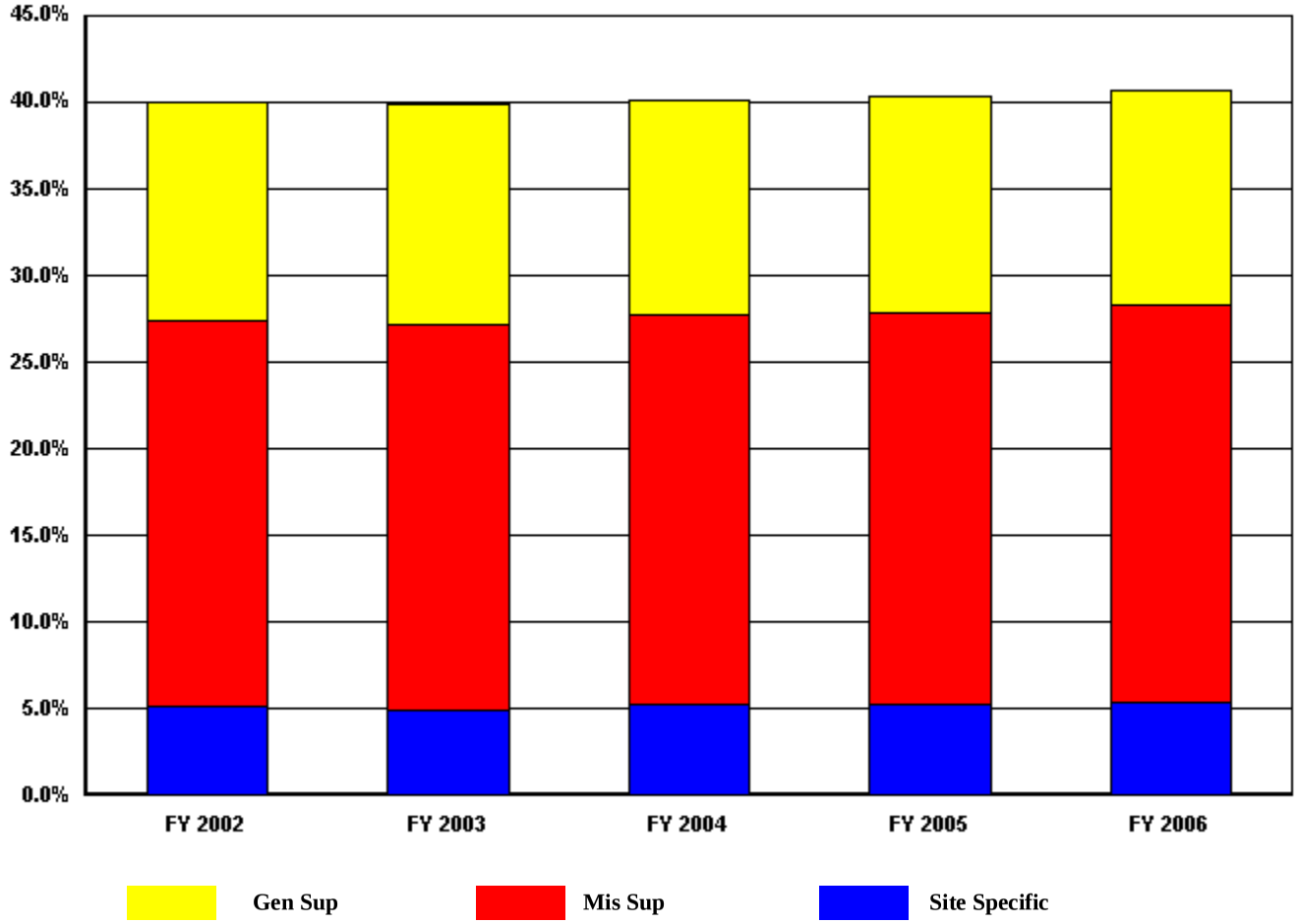
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	6,295,074	6,649,635	7,032,004	7,459,851	7,516,154

US Department of Energy
Total Functional Support as a % of Total Costs
TOTAL FOR ALL MAJOR SITE FACILITY CONTRACTORS



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	39.9%	39.8%	40.1%	40.3%	40.6%

US Department of Energy
Percent of Support Category to Total Costs
TOTAL FOR ALL MAJOR SITE FACILITY CONTRACTORS

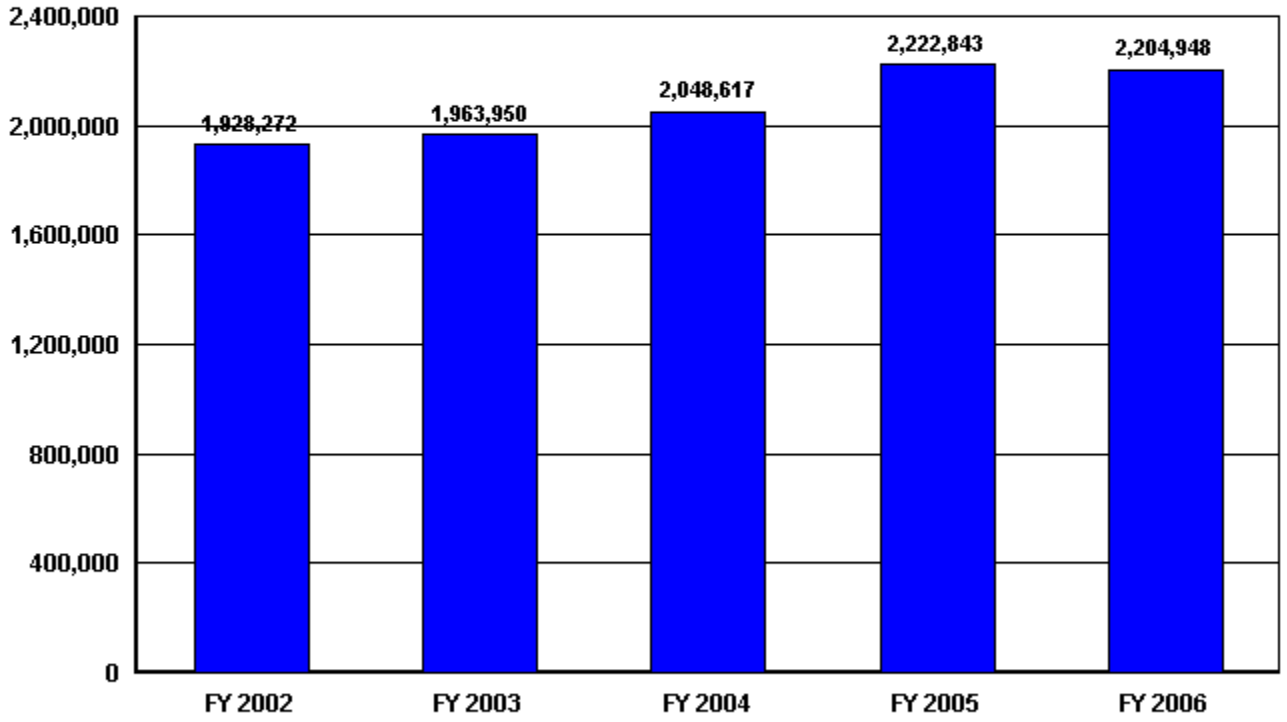


	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Gen Sup	12.6%	12.7%	12.3%	12.5%	12.4%
Mis Sup	22.3%	22.2%	22.5%	22.6%	22.9%
Site Specific	5.1%	4.9%	5.2%	5.2%	5.4%

Trends in Total Support Cost by Functional Categories
Total EM & NE Sites ($000)
FY 2006

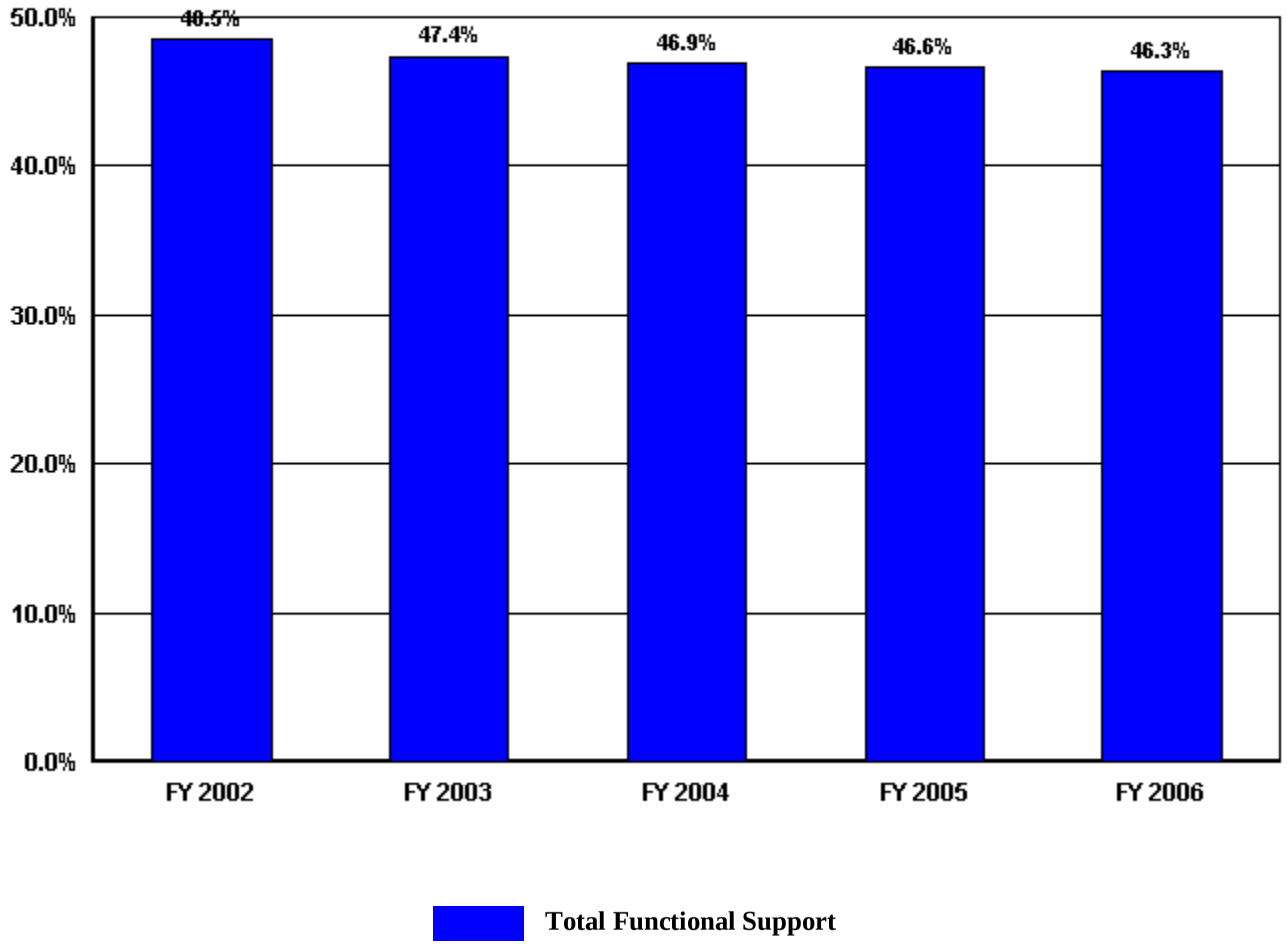
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	$ Change 2002 To FY 2006	% Change 2002 To FY 2006
Total Costs	3,977,520	4,146,317	4,372,411	4,768,782	4,761,026	783,506	19.7%
Capital Construction	305,771	245,417	213,373	171,092	174,592	-131,179	-42.9%
Total Costs Less Construction	3,671,749	3,900,900	4,159,038	4,597,690	4,586,434	914,685	24.9%
Total Support Costs	**1,928,272**	**1,963,950**	**2,048,617**	**2,222,843**	**2,204,948**	**276,676**	**14.3%**
Mission Direct Operation	1,743,477	1,936,950	2,110,421	2,374,847	2,381,486	638,009	36.6%
Mission Direct Operation as % of Total Cost	**43.8%**	**46.7%**	**48.3%**	**49.8%**	**50.0%**		
Capital Construction as % of Total Cost	**7.7%**	**5.9%**	**4.9%**	**3.6%**	**3.7%**		
Total Support Cost as % of Total Cost	**48.5%**	**47.4%**	**46.9%**	**46.6%**	**46.3%**		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		
TOTAL SUPPORT COST as % of TOTAL COST	**48.5%**	**47.4%**	**46.9%**	**46.6%**	**46.3%**		
TOTAL SUPPORT COST	**1,928,272**	**1,963,950**	**2,048,617**	**2,222,843**	**2,204,948**	**276,676**	**14.3%**
TOTAL GENERAL SUPPORT as % of TOTAL	**13.0%**	**12.8%**	**11.5%**	**12.1%**	**12.1%**		
TOTAL GENERAL SUPPORT	**516,660**	**529,771**	**502,963**	**576,412**	**576,759**	**60,099**	**11.6%**
EXECUTIVE DIRECTION	35,258	33,074	32,077	35,756	44,070	8,812	25.0%
HUMAN RESOURCES	52,579	54,389	52,638	55,649	56,738	4,159	7.9%
CFO	36,066	36,420	36,481	39,481	38,349	2,283	6.3%
PROCUREMENT	37,567	40,659	39,856	43,797	38,221	654	1.7%
LEGAL	20,877	23,437	15,622	15,875	15,229	-5,648	-27.1%
CENTRAL ADMIN SERVICES	54,892	62,041	55,930	60,332	49,657	-5,235	-9.5%
PROGRAM/PROJECT CONTROL	92,297	89,746	90,202	97,537	90,512	-1,785	-1.9%
INFORMATION OUTREACH	25,672	22,577	19,713	19,924	22,259	-3,413	-13.3%
INFORMATION SERVICES	152,407	159,913	147,181	154,447	156,540	4,133	2.7%
OTHER	9,045	7,515	13,263	53,614	65,184	56,139	620.7%
TOTAL MISSION SUPPORT as % of TOTAL	**29.2%**	**29.0%**	**28.7%**	**28.2%**	**27.6%**		
TOTAL MISSION SUPPORT	**1,163,327**	**1,204,277**	**1,256,869**	**1,343,378**	**1,312,640**	**149,313**	**12.8%**
ENVIRONMENTAL	69,717	69,149	63,713	62,937	64,442	-5,275	-7.6%
SAFETY AND HEALTH	303,068	300,981	316,543	352,742	343,599	40,531	13.4%
FACILITIES MANAGEMENT	101,502	123,110	112,797	117,923	108,958	7,456	7.3%
MAINTENANCE	276,084	282,376	281,932	300,993	268,245	-7,839	-2.8%
UTILITIES	84,120	90,635	91,148	101,100	108,978	24,858	29.6%
SAFEGUARDS AND SECURITY	147,719	164,879	200,032	204,405	210,717	62,998	42.6%
LOGISTICS SUPPORT	56,756	57,619	55,797	62,576	68,000	11,244	19.8%
QUALITY ASSURANCE	54,518	49,173	52,648	52,843	59,386	4,868	8.9%
LABORATORY/TECHNICAL SUPPORT	69,843	66,355	82,259	87,859	80,315	10,472	15.0%
TOTAL SITE SPECIFIC as % of TOTAL	**6.2%**	**5.5%**	**6.6%**	**6.4%**	**6.6%**		
TOTAL SITE SPECIFIC	**248,285**	**229,902**	**288,785**	**303,053**	**315,549**	**67,264**	**27.1%**
MANAGEMENT/INCENTIVE FEE	207,075	191,698	257,225	265,643	273,094	66,019	31.9%
TAXES	21,913	19,642	20,681	21,697	26,304	4,391	20.0%
LDRD / PDRD / SDRD	19,297	18,562	10,879	15,713	16,151	-3,146	-16.3%

US Department of Energy
Total Functional Support
Total EM & NE Sites

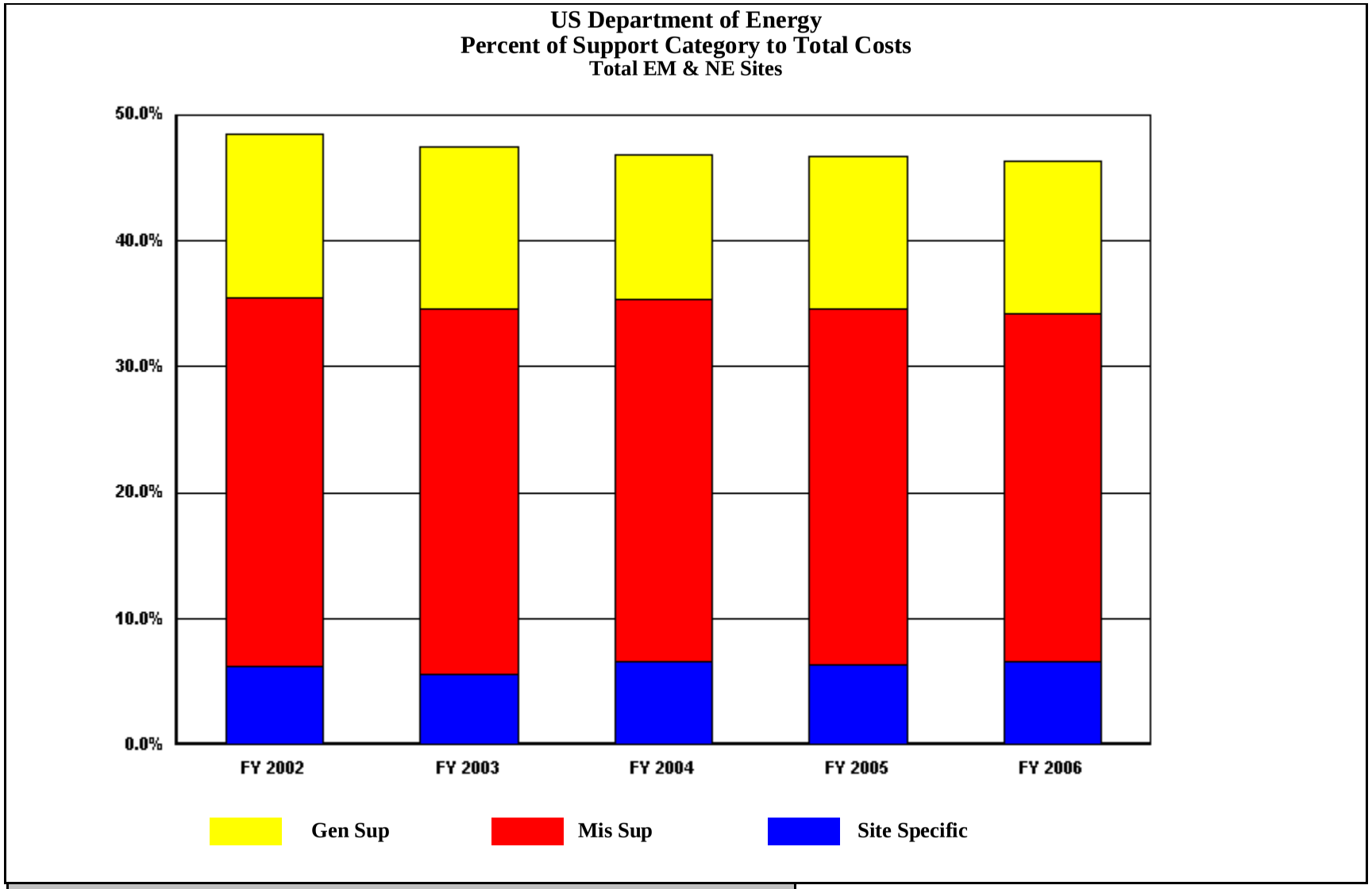


	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	1,928,272	1,963,950	2,048,617	2,222,843	2,204,948

US Department of Energy
Total Functional Support as a % of Total Costs
Total EM & NE Sites



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	48.5%	47.4%	46.9%	46.6%	46.3%

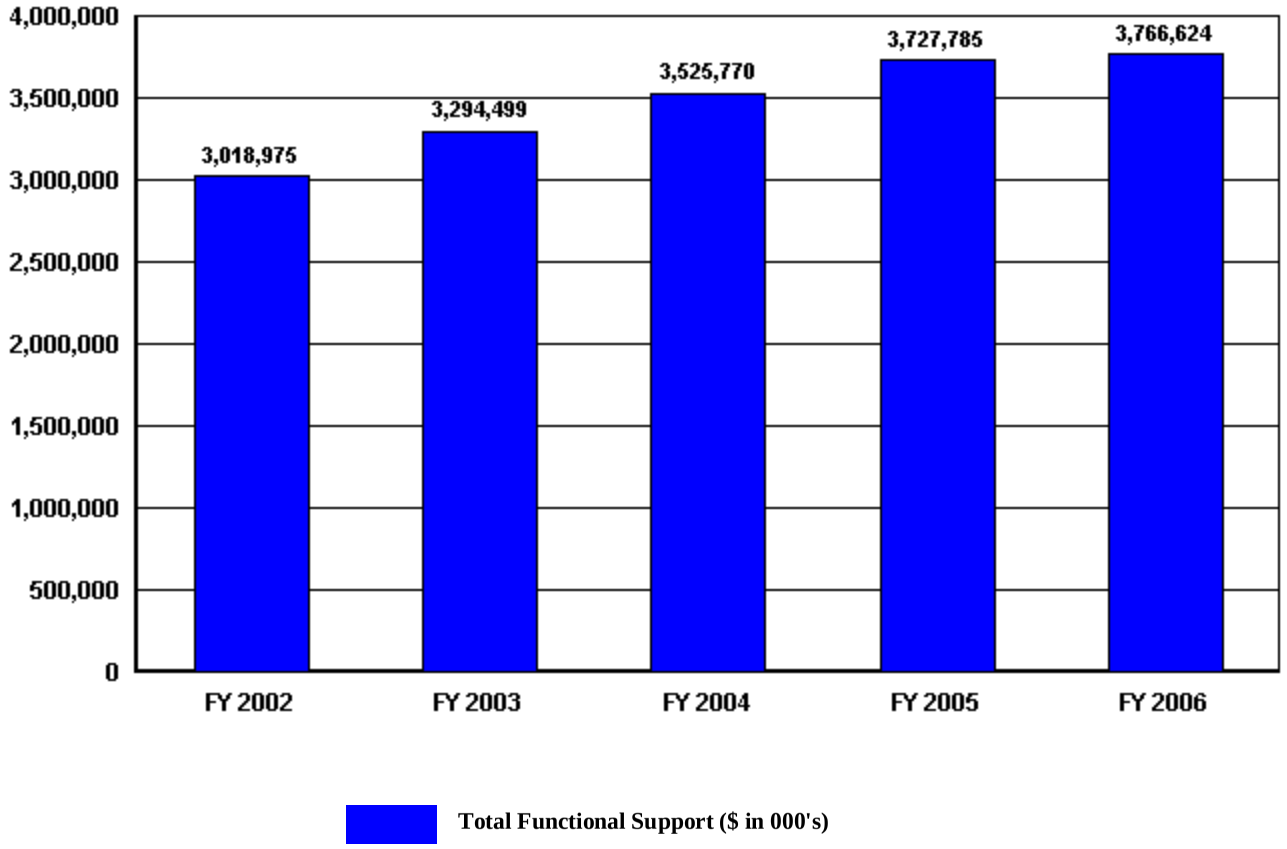


	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Gen Sup	13.0%	12.8%	11.5%	12.1%	12.1%
Mis Sup	29.2%	29.0%	28.7%	28.2%	27.6%
Site Specific	6.2%	5.5%	6.6%	6.4%	6.6%

Trends in Total Support Cost by Functional Categories
Total NNSA Sites ($000)
FY 2006

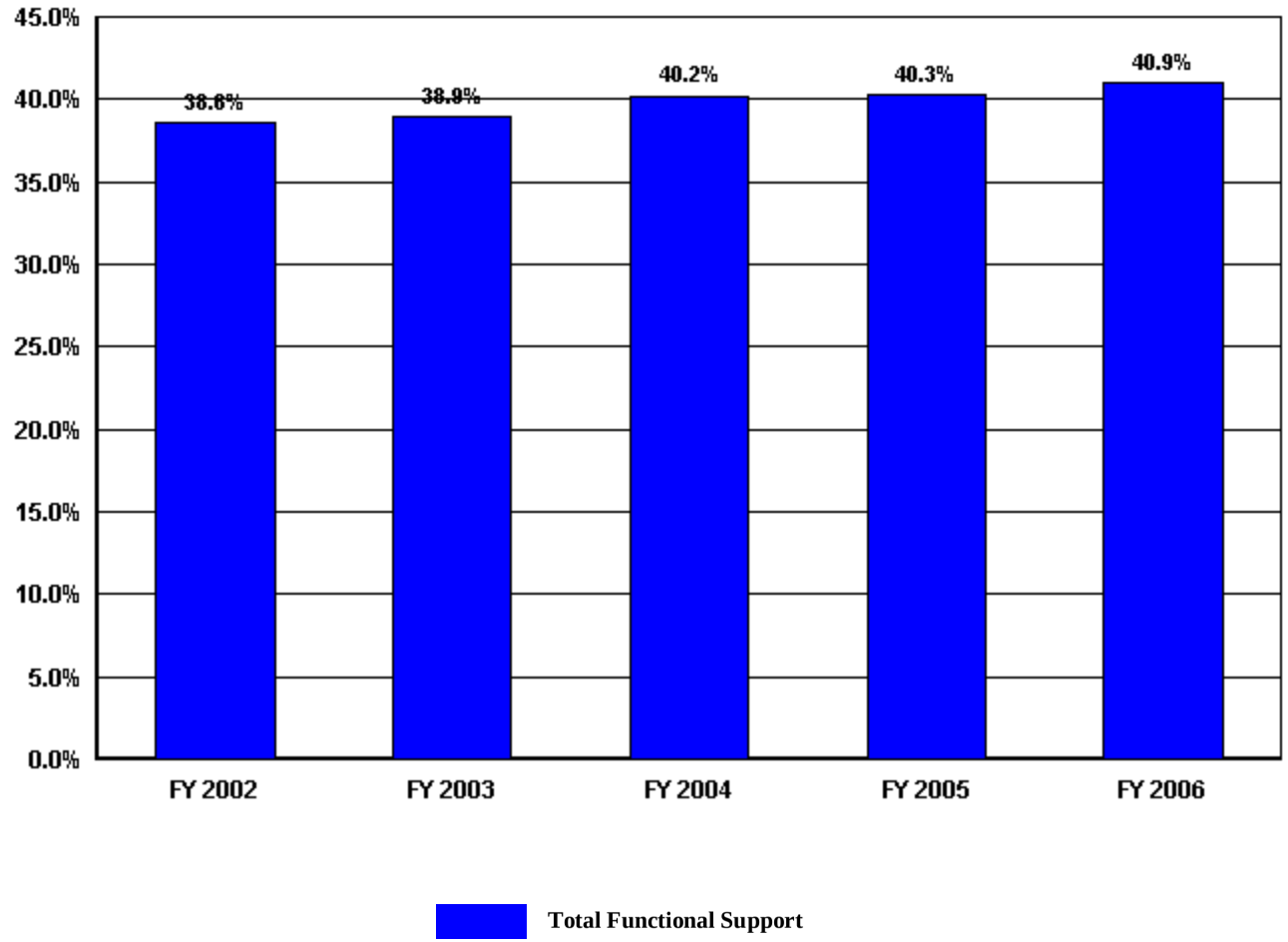
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	$ Change 2002 To FY 2006	% Change 2002 To FY 2006
Total Costs	7,828,445	8,462,837	8,776,954	9,260,922	9,198,267	1,369,822	17.5%
Capital Construction	725,250	867,559	773,737	768,869	800,341	75,091	10.4%
Total Costs Less Construction	7,103,195	7,595,278	8,003,217	8,492,053	8,397,926	1,294,731	18.2%
Total Support Costs	**3,018,975**	**3,294,499**	**3,525,770**	**3,727,785**	**3,766,624**	**747,649**	**24.8%**
Mission Direct Operation	4,084,220	4,300,779	4,477,447	4,764,268	4,631,302	547,082	13.4%
Mission Direct Operation as % of Total Cost	**52.2%**	**50.8%**	**51.0%**	**51.4%**	**50.3%**		
Capital Construction as % of Total Cost	**9.3%**	**10.3%**	**8.8%**	**8.3%**	**8.7%**		
Total Support Cost as % of Total Cost	**38.6%**	**38.9%**	**40.2%**	**40.3%**	**40.9%**		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**		
TOTAL SUPPORT COST as % of TOTAL COST	**38.6%**	**38.9%**	**40.2%**	**40.3%**	**40.9%**		
TOTAL SUPPORT COST	**3,018,975**	**3,294,499**	**3,525,770**	**3,727,785**	**3,766,624**	**747,649**	**24.8%**
TOTAL GENERAL SUPPORT as % of TOTAL	**12.1%**	**12.3%**	**12.6%**	**12.7%**	**12.6%**		
TOTAL GENERAL SUPPORT	**946,673**	**1,041,699**	**1,108,136**	**1,176,929**	**1,156,245**	**209,572**	**22.1%**
EXECUTIVE DIRECTION	87,114	91,919	90,692	86,869	89,485	2,371	2.7%
HUMAN RESOURCES	94,814	106,969	107,785	122,111	113,921	19,107	20.2%
CFO	55,212	56,317	61,594	64,510	64,418	9,206	16.7%
PROCUREMENT	58,320	69,829	76,261	82,231	75,528	17,208	29.5%
LEGAL	24,400	27,097	24,503	27,549	27,133	2,733	11.2%
CENTRAL ADMIN SERVICES	88,861	95,421	96,698	97,469	88,136	-725	-0.8%
PROGRAM/PROJECT CONTROL	82,035	86,190	105,388	121,639	121,895	39,860	48.6%
INFORMATION OUTREACH	60,209	63,009	64,036	64,621	79,052	18,843	31.3%
INFORMATION SERVICES	377,959	419,544	454,288	474,702	460,692	82,733	21.9%
OTHER	17,749	25,404	26,891	35,228	35,985	18,236	102.7%
TOTAL MISSION SUPPORT as % of TOTAL	**21.1%**	**21.2%**	**22.1%**	**22.0%**	**22.5%**		
TOTAL MISSION SUPPORT	**1,652,048**	**1,791,833**	**1,935,399**	**2,041,715**	**2,072,805**	**420,757**	**25.5%**
ENVIRONMENTAL	83,114	80,177	83,305	94,380	95,101	11,987	14.4%
SAFETY AND HEALTH	278,483	310,907	310,606	331,094	337,372	58,889	21.1%
FACILITIES MANAGEMENT	274,355	300,763	343,463	346,216	285,090	10,735	3.9%
MAINTENANCE	316,305	351,713	376,126	383,930	388,283	71,978	22.8%
UTILITIES	189,894	175,314	182,835	192,346	213,844	23,950	12.6%
SAFEGUARDS AND SECURITY	345,540	396,448	440,339	485,304	509,327	163,787	47.4%
LOGISTICS SUPPORT	70,003	70,500	72,398	74,845	77,111	7,108	10.2%
QUALITY ASSURANCE	51,093	58,954	72,482	71,759	89,685	38,592	75.5%
LABORATORY/TECHNICAL SUPPORT	43,261	47,057	53,845	61,841	76,992	33,731	78.0%
TOTAL SITE SPECIFIC as % of TOTAL	**5.4%**	**5.4%**	**5.5%**	**5.5%**	**5.8%**		
TOTAL SITE SPECIFIC	**420,254**	**460,967**	**482,235**	**509,141**	**537,574**	**117,320**	**27.9%**
MANAGEMENT/INCENTIVE FEE	143,976	157,538	163,930	168,268	188,642	44,666	31.0%
TAXES	68,537	68,278	73,725	84,165	96,987	28,450	41.5%
LDRD / PDRD / SDRD	207,741	235,151	244,580	256,708	251,945	44,204	21.3%

US Department of Energy
Total Functional Support
Total NNSA Sites

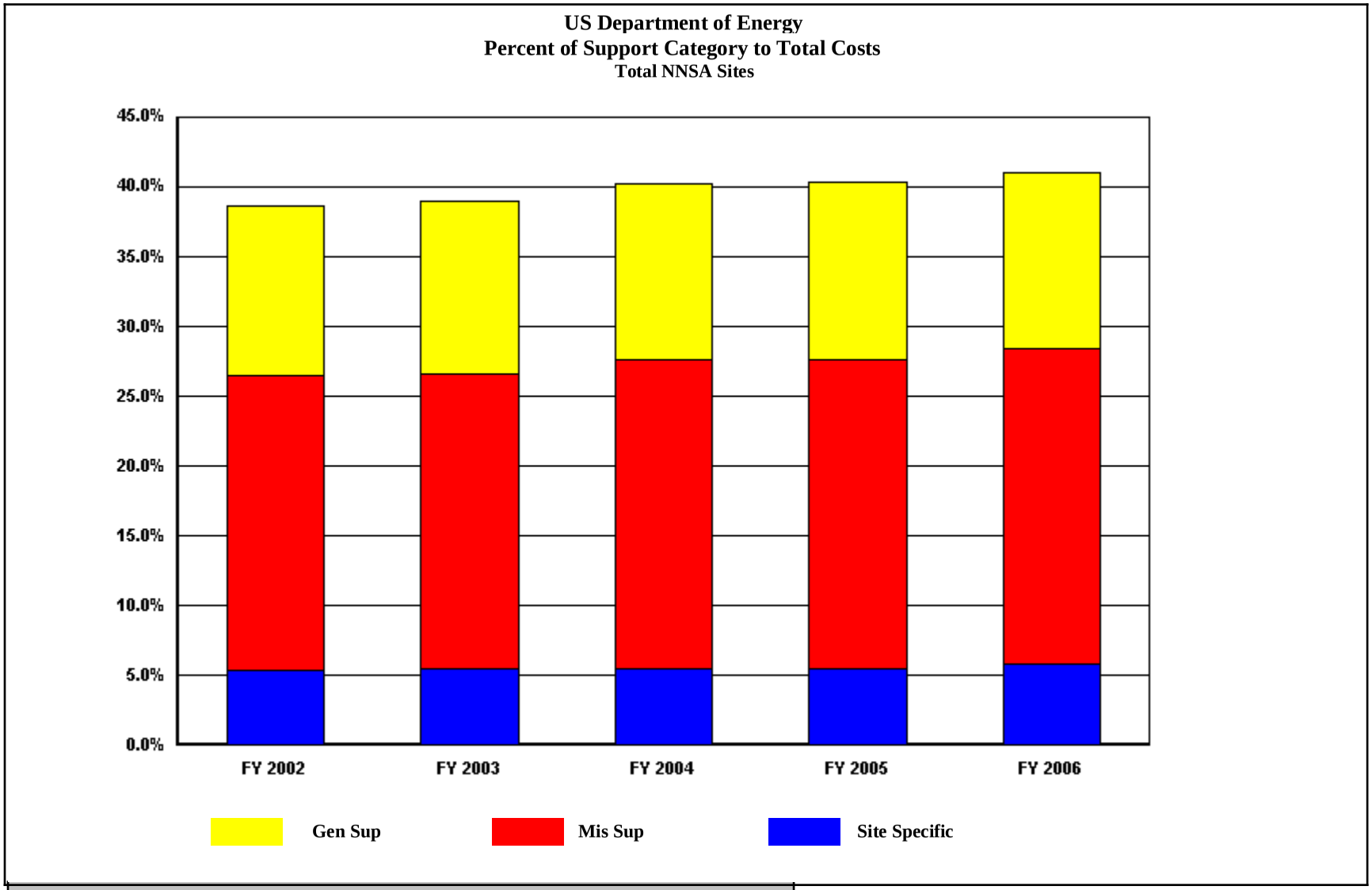


	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	3,018,975	3,294,499	3,525,770	3,727,785	3,766,624

US Department of Energy
Total Functional Support as a % of Total Costs
Total NNSA Sites



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	38.6%	38.9%	40.2%	40.3%	40.9%

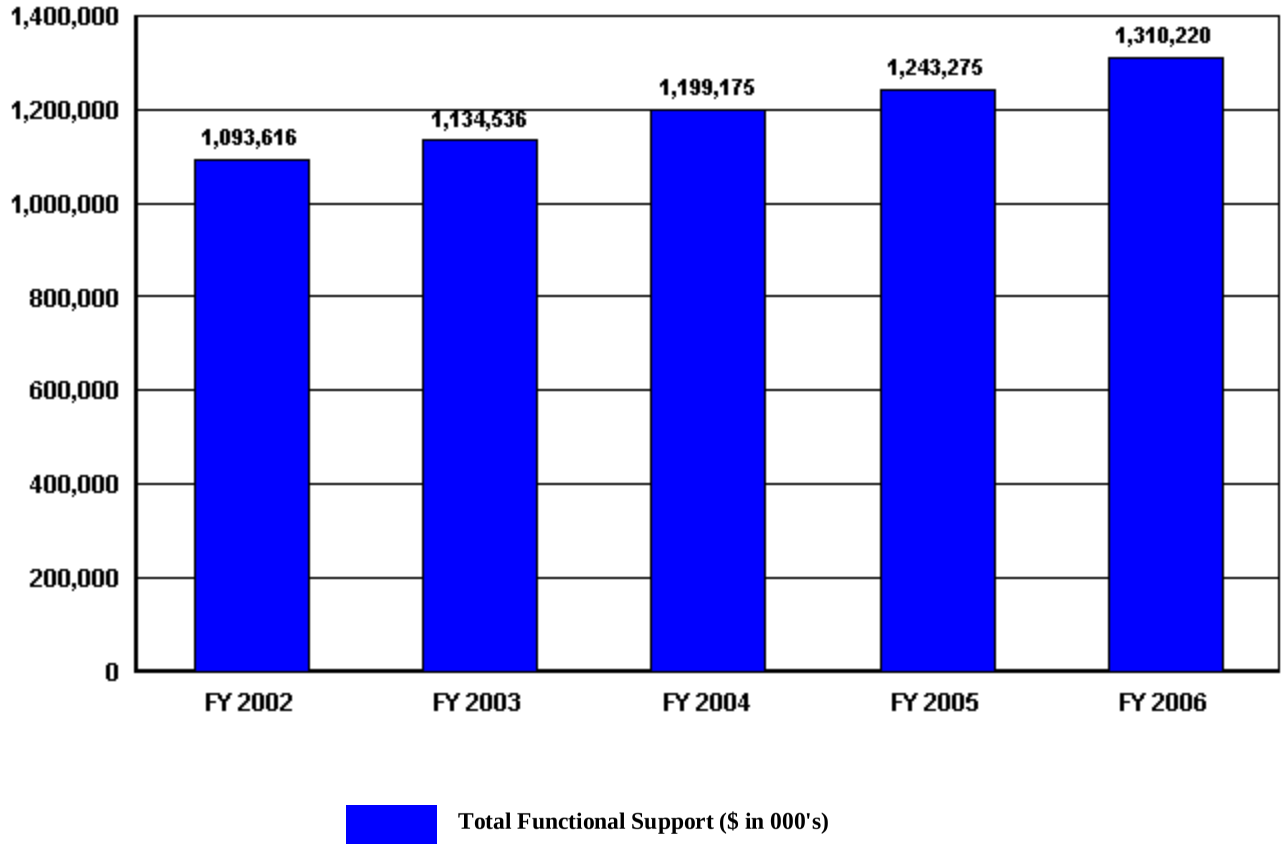


	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Gen Sup	12.1%	12.3%	12.6%	12.7%	12.6%
Mis Sup	21.1%	21.2%	22.1%	22.0%	22.5%
Site Specific	5.4%	5.4%	5.5%	5.5%	5.8%

Trends in Total Support Cost by Functional Categories
Total SC Sites ($000)
FY 2006

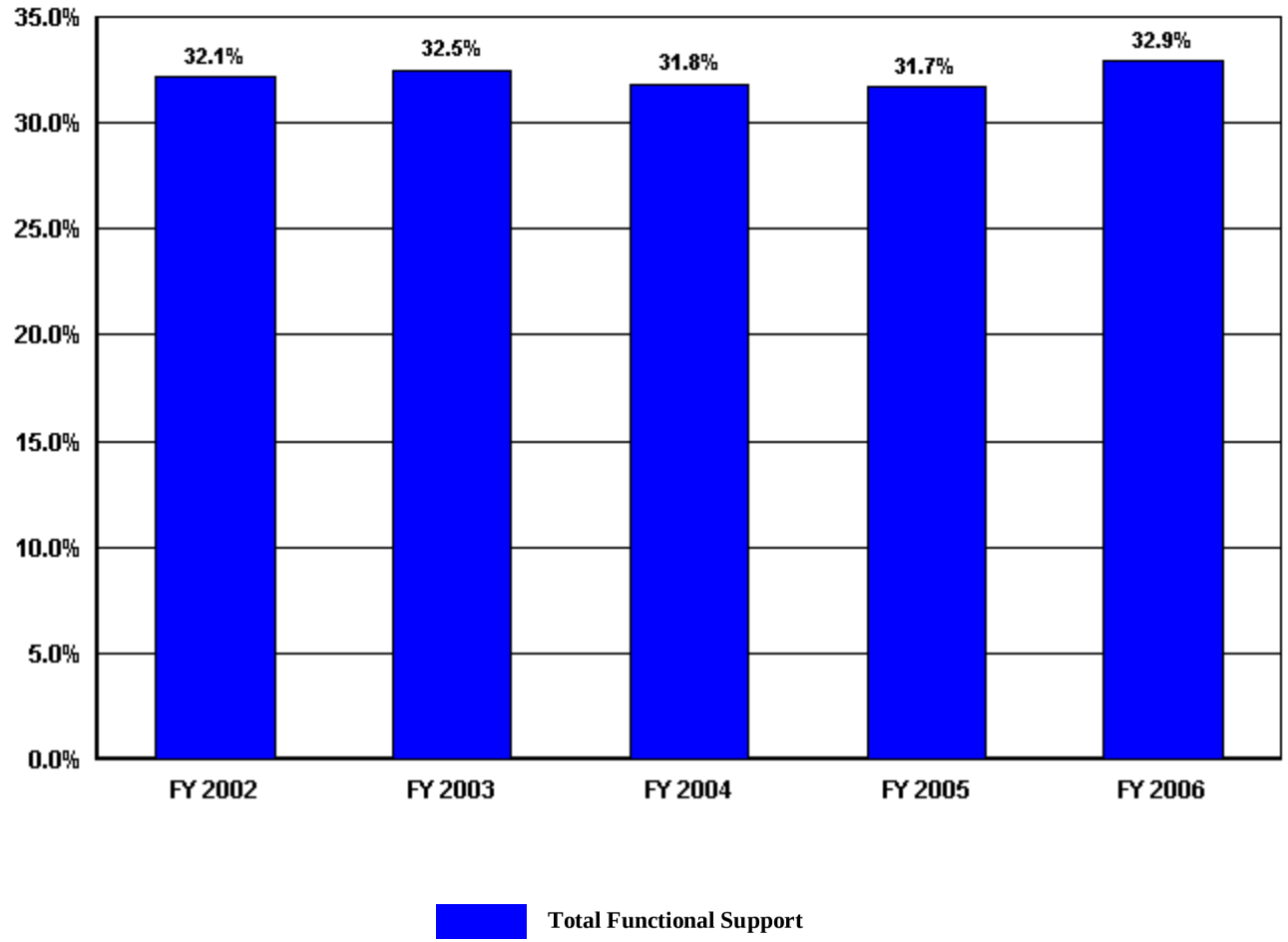
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	$ Change 2002 To FY 2006	% Change 2002 To FY 2006
Total Costs	3,403,677	3,494,621	3,767,686	3,921,501	3,982,622	578,945	17.0%
Capital Construction	404,320	414,893	442,388	391,537	376,523	-27,797	-6.9%
Total Costs Less Construction	2,999,357	3,079,728	3,325,298	3,529,964	3,606,099	606,742	20.2%
Total Support Costs	1,093,616	1,134,536	1,199,175	1,243,275	1,310,220	216,604	19.8%
Mission Direct Operation	1,905,741	1,945,192	2,126,123	2,286,689	2,295,879	390,138	20.5%
Mission Direct Operation as % of Total Cost	56.0%	55.7%	56.4%	58.3%	57.6%		
Capital Construction as % of Total Cost	11.9%	11.9%	11.7%	10.0%	9.5%		
Total Support Cost as % of Total Cost	32.1%	32.5%	31.8%	31.7%	32.9%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%		
TOTAL SUPPORT COST as % of TOTAL COST	32.1%	32.5%	31.8%	31.7%	32.9%		
TOTAL SUPPORT COST	1,093,616	1,134,536	1,199,175	1,243,275	1,310,220	216,604	19.8%
TOTAL GENERAL SUPPORT as % of TOTAL	11.8%	12.1%	11.4%	11.2%	11.1%		
TOTAL GENERAL SUPPORT	402,677	424,090	429,345	441,095	441,068	38,391	9.5%
EXECUTIVE DIRECTION	42,820	51,517	55,702	60,751	57,223	14,403	33.6%
HUMAN RESOURCES	28,459	30,851	32,289	33,059	33,552	5,093	17.9%
CFO	36,541	42,056	44,732	47,963	52,702	16,161	44.2%
PROCUREMENT	23,147	24,691	28,635	29,256	30,249	7,102	30.7%
LEGAL	9,725	10,361	11,486	11,106	10,155	430	4.4%
CENTRAL ADMIN SERVICES	34,617	34,730	36,095	39,306	37,086	2,469	7.1%
PROGRAM/PROJECT CONTROL	28,649	29,945	12,499	11,883	10,741	-17,908	-62.5%
INFORMATION OUTREACH	58,959	64,817	68,346	74,537	75,979	17,020	28.9%
INFORMATION SERVICES	125,258	121,072	122,758	120,543	128,043	2,785	2.2%
OTHER	14,502	14,050	16,803	12,691	5,338	-9,164	-63.2%
TOTAL MISSION SUPPORT as % of TOTAL	17.4%	17.5%	17.5%	17.5%	18.6%		
TOTAL MISSION SUPPORT	593,058	612,933	657,837	685,683	742,504	149,446	25.2%
ENVIRONMENTAL	26,191	33,293	35,963	33,146	37,273	11,082	42.3%
SAFETY AND HEALTH	99,691	102,366	110,166	106,956	118,772	19,081	19.1%
FACILITIES MANAGEMENT	76,991	88,843	99,914	101,529	122,225	45,234	58.8%
MAINTENANCE	163,537	154,139	165,324	173,482	187,177	23,640	14.5%
UTILITIES	102,147	107,163	108,243	126,323	139,037	36,890	36.1%
SAFEGUARDS AND SECURITY	50,075	51,543	56,017	61,116	62,540	12,465	24.9%
LOGISTICS SUPPORT	27,943	28,967	30,743	29,025	29,874	1,931	6.9%
QUALITY ASSURANCE	9,374	11,339	11,078	11,072	13,205	3,831	40.9%
LABORATORY/TECHNICAL SUPPORT	37,109	35,280	40,389	43,034	32,401	-4,708	-12.7%
TOTAL SITE SPECIFIC as % of TOTAL	2.9%	2.8%	3.0%	3.0%	3.2%		
TOTAL SITE SPECIFIC	97,881	97,513	111,993	116,497	126,648	28,767	29.4%
MANAGEMENT/INCENTIVE FEE	40,795	40,109	43,085	46,031	50,567	9,772	24.0%
TAXES	3,648	1,578	6,556	4,977	5,293	1,645	45.1%
LDRD / PDRD / SDRD	53,438	55,826	62,352	65,489	70,788	17,350	32.5%

US Department of Energy
Total Functional Support
Total SC Sites



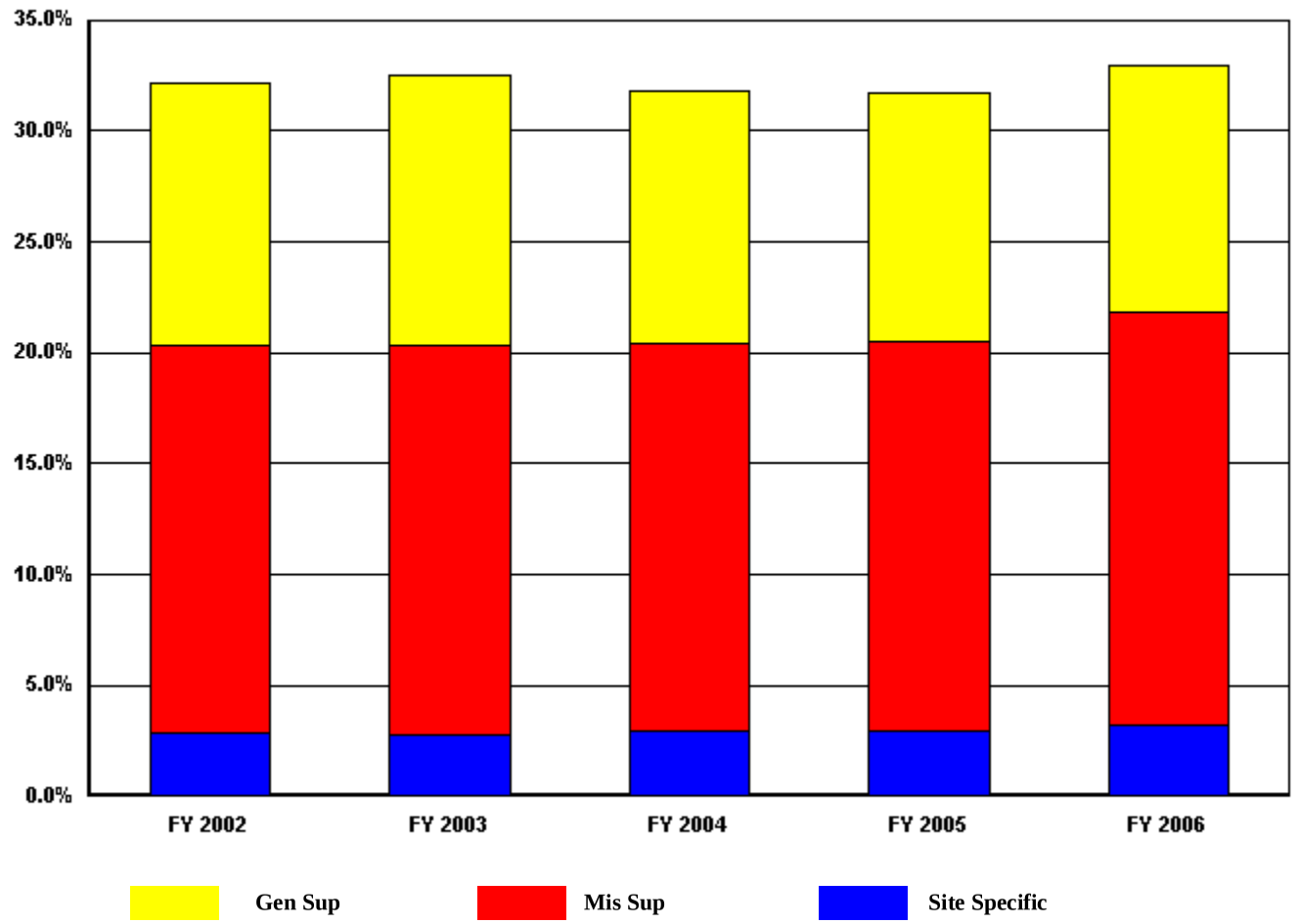
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	1,093,616	1,134,536	1,199,175	1,243,275	1,310,220

US Department of Energy
Total Functional Support as a % of Total Costs
Total SC Sites



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Total Functional Support	32.1%	32.5%	31.8%	31.7%	32.9%

US Department of Energy
Percent of Support Category to Total Costs
Total SC Sites



	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Gen Sup	11.8%	12.1%	11.4%	11.2%	11.1%
Mis Sup	17.4%	17.5%	17.5%	17.5%	18.6%
Site Specific	2.9%	2.8%	3.0%	3.0%	3.2%

U.S. DEPARTMENT OF ENERGY

APPENDIX A - DEFINITIONS

*** Signifies the definition has been revised since the FY 2005 report.**

A. General Terms

1. ***Capital/construction** - Prime capital and construction cost related to Line Items, Capital Equipment and General Plant Projects. This includes the cost of Institutional General Plant Projects and Capital Equipment that are paid for with indirect funds. All identifiable support cost should be included in the appropriate general support, mission support or site specific categories.

2. ***Functional Support Cost:** The Department's major sites are funded from multiple appropriations and programs. These appropriations and programs represent the Department's missions as defined by Congress. There are many activities necessary that provide support to carry out these core missions. The cost of these activities is assigned to programs either directly or indirectly. Once charged or assigned they are usually absorbed into the cost of the mission activity and are not uniquely identified in the financial systems. Functional Support cost is intended to capture these costs at their point of origin, prior to any distributions, and provide visibility for management.

   For reported Functional Support Cost purposes the Department has defined the following categories and subcategories:

   - General Support: Executive Direction, Human Resources, CFO, Procurement, Legal, Central Administrative Services, Program/Project Planning & Control, Information Outreach, Information Services and Other.

   - Mission Support: Environmental, Safety and Health; Facilities Management; Maintenance; Utilities; Safeguards and Security; Logistic Support; Quality Assurance; and Laboratory/Technical Support.

   - Site-Specific: Management/Award Fee/Incentive Fee, Taxes and LDRD/PDRD/SDRD.

   Functional support cost attributes:

   - Determined in accordance with these definitions.
   - Determined without regard to funding source.
   - Determined without regard to Cost Accounting Standards (CAS) classification of indirect or direct. May be defined as indirect or direct in CAS Disclosure Statement.

- Determined prior to overhead distributions so costs are prime (direct labor, direct material and other direct costs).
- Costs are usually assigned to more than one program.
- Represent activities necessary to complete mission, but are not mission activities.
- Crosscuts costs by programmatic budget reporting classification as recorded in DOE financial systems. Functional Support cost and Mission Direct cost together at each site should equal the contractor's total cost. However, there are some sites that combine two contractors' costs into one report (such as the inclusion of a security contract), or sites where DOE pays the security costs but has the prime contractor included it in their functional cost report. In these cases the reported costs will be higher. All Functional Support and Mission Direct costs together should equal the total DOE contractor cost with those exceptions.
- Includes the cost of work performed for and charged to other DOE sites. In other words, the performing site includes the cost of doing the work for other DOE sites in their functional cost report. The site having the work done does not include the cost.

3. **General Support:** Represents cost categories which would exist regardless of the specific mission.

4. ***Mission Direct:** For purposes of reporting, Mission Direct cost is all the costs that do not meet any of the "support" definitions provided in this guidance. These are generally prime costs (direct labor, direct material and other direct costs) incurred to directly accomplish the Department's mission. These represent activities that may be funded directly or indirectly.

5. **Mission Support:** Represents support cost categories that exist solely due to the unique mission being accomplished.

6. **Site Specific:** Represents cost categories not defined as general support, mission support or construction.

7. ***Support Cost By Functional Activity (SCFA) System:** This system is used to collect and report Functional Support Cost. The web address for the SCFA is https://scfa.doe.gov. Your computer or workstation must have access through DOE-Net, the DOE Firewall. A user can request a password and user-ID at the web site.

8. **Total Cost:** Includes Mission Direct, Construction and Functional Support Costs and is equal to total program costs.

B. All 22 Support Cost Categories

General Support

1. **Executive Direction** - Includes costs normally associated with the executive level of management. Examples of activities in this account may be the Laboratory Director, President and other top level management and immediate staff (Secretary, Special Assistants, etc.), Science Advisors and Deputy Directors, Vice Presidents, etc. This category also includes Total Quality Management (TQM) type activities, such as the development and administration of Total Quality Improvement Plans, cost savings and reengineering programs administration, etc.; and institutional/strategic planning, including development and control, and any site specific development. All other management/supervisor activities, including related incidental costs, should be reported in the appropriate support/mission category**.**

2. **Human Resources** - Includes costs associated with recruiting, wage and salary administration, equal employment opportunity and diversity activities, benefits administration, employee concerns programs, central training development services (job specific training development curriculum should be included in the specific category to which it applies), industrial relations, personnel records, employee claims, adjudications, grievances, arbitration, educational programs providing for undergraduate and graduate course work and other personnel services.

3. **Chief Financial Officer** - Includes costs associated with activities of a financial nature, such as general accounting, payroll, travel accounting, funds control, cost accounting, financial systems management and non-project/program specific budget coordination and control, such as indirects and internal audit.

4. **Procurement** - Includes costs associated with activities related to make/buy decisions, contracting, purchasing, contract administration (including prime) and acquisition of resources to conduct activities, as well as to conduct audit and cost/price analysis activities.

5. **Legal** - Includes costs associated with legal counsel support and litigation support. Includes outside legal support and ethics functions.

6. ***Central Administrative Services** – Includes costs associated with travel reservation support, food service, printing and graphic support services including cost-per-copy contracts (convenience copiers), records management, and all library-related activities. Also includes clerical support pool costs, but does not include the cost of secretarial and clerical positions that are permanent in nature and directly support another category or mission direct. These should be included in the respective category (or mission direct) they support, even if they are considered in a secretarial or clerical pool.

7. ***Program/Project Planning & Control** - Includes cost associated with support and execution of program/project budgeting, funding requests, baseline control and preparation (including planning, scheduling, coordination, change control, cost estimating, and program specific reporting and analysis). Also includes master scheduling, project management system administration, and baseline pricing and validation efforts. This category does not include actual program/project management functions. This type of cost should be reported in the specific mission or support categories it is related to.

8. ***Information/Outreach Activities** - Cost associated with media communication, public relations, technology transfer, business development, technical information management, educational programs, employee outreach program, stakeholder-related outreach, activities contributing to the development of the local/regional economy, and other information or outreach activities such as HBCU (Historically Black Colleges and Universities) and other University-related activities, including stakeholder agencies and Washington, D.C., liaison activities. This category includes:

   Information Outreach Activities:

   Public Relations/Information – includes all cost associated with activities which provide non-technical information about the M&O Contractor and its activities to the general public, news media, etc.
   Technology Transfer/Business Development – Includes all cost associated with activities that encourage the further development of promising technologies; disseminate information to appropriate researchers, organizations, industry, governmental bodies and other institutions; and other activities that assist in affecting the introduction of technologies into the marketplace.
   Technical Information Management – Includes all cost associated with activities to develop and make available technical information.
   Employee Outreach Programs – Includes all cost associated with activities by employees utilizing their technical expertise for the benefit of external stakeholders.
   Other Information Outreach Activities – Includes all cost associated with other outreach activities that are not defined above.
   Stakeholder-Related Outreach – Community relations and education programs to promote enhanced understanding of the site by local and State stakeholders.

9. **Information Services** - Costs associated with Automated Data Processing (ADP) services (central computer facilities and service organizations including business and scientific), communications (mail, both electronic and hard copy including postage, subcontracted delivery services, etc.), networking (groups of computers that communicate with each other, share peripherals and access remote hosts or other networks) and telecommunications services (communication by electronic submission of impulses over telephone/optic lines including cell phones). Includes pagers and related systems, but not the maintenance of these systems. Also includes computer

leases. Does not include computer bill-out rates in any other functional category. This category includes systems analysts/programmers; however, specific systems management and administrative costs for various business and scientific systems should be included in their respective functional categories. (Note: Dedicated scientific activities, experiments, analysis, etc., should be included in the appropriate category. Also computer hardware maintenance activities are to be reported within the maintenance category.)

10. ***Other** - Cost which is not identified in another functional cost category. This includes legal settlements (excluding attorney fees), workforce restructuring activities (severance, benefits and outplacement services), general company liability insurance expenditures, contractor transition cost and legacy workers' compensation cost. Specifically identify significant cost activities and provide footnotes.

Mission Support

11. ***Environmental** - (Note: only the "Permitting" section of this definition changed.) Includes costs associated with the development, implementation and maintenance of effluent controls, environmental monitoring and surveillance, permitting, auditing and evaluation to assure environmental compliance and pollution prevention. These activities, performed on a routine basis, are necessary to maintain compliance with Federal, State and local regulations, as well as applicable DOE Orders and directives. This category does not include actual waste storage or cleanup activities. The category includes:

Effluent and Environmental Monitoring and Surveillance - Monitoring activities include data base monitoring as required by DOE directive or compliance monitoring as required by the environmental regulatory authorities, such as air and water monitoring. (Note*:* Actual sample analysis should be included in Laboratory Support or Other Technical Support Activities.)

Permitting - Includes activities involved in the preparation, certification and maintenance of environmental permits and permit applications. Also includes those activities involved in reporting the results of environmental monitoring, analysis and evaluation. These activities are necessary to obtain permits from regulatory agencies regarding plant releases, discharges and/or material storage. (Note: Environmental Impact Statement costs and related activities are to be included in the appropriate category they support.)

Auditing and Evaluation - These audits are done as a routine mechanism to ensure environmental compliance with internal and external directives, including the National Environmental Policy Act (NEPA). Encompasses costs associated with implementation of the Environmental, Safety and Health Compliance Assessment activities (such as related "Tiger Team" activities). Also includes the development of performance objectives and environmental auditing procedures.

Non-Environmental Management Waste Management - The Non-EM Waste Management functional area includes those activities addressing the treatment, storage and disposal of wastes. Activities include characterization and certification of waste to ensure its proper treatment or disposal; waste handling and temporary storage activities, such as operation of 90-day satellite accumulation areas for the storage of hazardous waste; operation and management of all waste treatment and disposal systems; and final disposal of all wastes.

12. ***Safety & Health** - Costs associated with safety and health programs, such as emergency preparedness, fire protection, industrial hygiene, industrial safety, occupational medical services, nuclear safety, work smart programs, radiation protection, transportation safety (does not include traffic management functions – include this item in logistics) and management oversight. This category excludes remediation which is included in mission direct. Further definitions are as follows:

Emergency Preparedness – Emergency Preparedness includes all those activities that are intended to provide personnel with a special capability to respond to incidents and accidents, excluding fire protection activities described in the next section. Activities in this area include maintenance inspection of emergency facilities and equipment; emergency response team; personnel training; developing and implementing drills and exercises; purchase of self-help supplies; maintaining and updating emergency management and self-help plans based on site specific safety analyses; coordination with State and local authorities and Federal Agencies. This area excludes plant and equipment that are part of safety systems relied upon to prevent or mitigate accidents (HVAC process monitors, facility egress signs and equipment, etc.), as they are addressed in Industrial Safety or Nuclear Safety.

Fire Protection – Fire Protection includes all those activities that are intended to prevent, detect, alert and suppress fires. Activities in this area include inspection and testing of fire prevention, detection (e.g., alarm systems) and suppression systems; fire fighting and emergency response, loss prevention; operation of ambulances and fire fighting equipment; testing and inspection of fire protection equipment and alarm systems; flammable and explosive material control; Federal, state and local certification and training, such as the National Fire Protection Association certification; review of construction and design plans for fire hazards; dispatch centers and mutual aid agreements with local authorities. This area excludes those fire protection activities and/or systems that are solely for the benefit or protection of nuclear systems, storage areas and/or processes (e.g., glove box inerting systems). These excluded activities are to be included in Nuclear Safety.

Industrial Hygiene (IH) – Industrial Hygiene includes all those activities that are intended to provide protection to workers from physical and chemical hazards. IH is concerned with recognizing, evaluating and controlling hazards for solvents, carcinogens, non-ionizing radiation, asbestos, beryllium, heat stress, noise and ventilation systems. Activities in this area include interpreting regulations and policy, developing engineering and administrative controls, performing inspections and

assessments, sharing best practices and lessons learned, reengineering tasks, identifying hazardous materials (but not removal of), and written and verbal communication of real and perceived hazards. Include radiological and non-radiological laundry services. Exclude medical surveillance and employee medical records, which are covered in Occupational Medical Services. Exclude exposure of workers to radioactivity which is covered in Radiation Protection (note that non-ionizing radiation is included).

Industrial Safety (IS) – Industrial Safety includes all those activities that are intended for the protection of workers from physical trauma in the areas of electrical safety; laser protection; ergonomics; machinery and machine guarding; personnel protection from slips, trips and falls; compressed gas and pressure system safety; hoisting, rigging and material handling; lockout/tag-out; confined space controls; platform man-lift and scaffolding usage; safe surfaces for walling and working; cutting, welding and boring safety; hand and portable power tool safety; explosives and hazardous material handling, storage and use; construction safety; firearms safety; and facility egress. Activities in this area include interpreting regulations and policy, developing engineering and administrative controls, performing inspections and assessments, sharing best practices and lessons learned, and conducting accident investigations. Include Personnel Protection Equipment (PPE) such as hard hats, gloves, safety glasses, safety shoes, noise protection and respirators. Include the purchase and installation of physical plant and equipment that are part of industrial safety systems relied upon to prevent or mitigate accidents (e.g., HVAC process monitors, facility egress signs and equipment, etc.)

Occupational Medical Services – Occupational Medical Services includes all those activities that are intended to ensure that workers are physically and psychologically capable of performing their assigned work duties and protected from hazards that may result in adverse health effects. Activities in this area include providing a comprehensive occupational medical program, including employee health examinations for pre-placement and qualification, periodic, return to work, fitness for duty and termination examinations; eye examinations; diagnosis and treatment of occupational illnesses and injuries; employee health counseling (employee assistance program and wellness); maintenance of medical records; emergency medical treatment and triage; specialized medical equipment; and immunization programs.

Nuclear Safety – Nuclear Safety includes activities that are intended to maintain criticality safety and nuclear operations safety. Activities in this area include control of systems and parameters within sub critical limits, and use of systems, procedure, equipment, analyses, programs, and personnel to ensure safe nuclear reactor and nuclear non-reactor operations. Include fire protection activities and/or systems that are solely for the benefit or protection of nuclear systems, storage areas and/or processes (e.g., glove box inerting systems).

Radiation Protection – Radiation Protection includes all those activities that are intended to control exposures of workers and the public to radioactivity. Activities in

this area include interpreting regulations and policy; developing engineering and administrative controls and procedures; performing inspections and assessments; sharing best practices and lessons learned; conducting event investigations; personnel dosimetry; bioassay and ALARA (As Low As Reasonably Achievable) programs; creating and maintaining radiation exposure records; and responding to exposure of workers to radioactive contamination. Also includes verifying effectiveness of engineered controls, such as control equipment for radiation sources; interlocks, instrumentation, and shielding for radiation-generating devices; control of paths for inhalation or ingestion of radiation; equipment used to minimize or mitigate external exposure; fixed and portable instrumentation for radiation detection and measurement; and contamination control.

Transportation Safety – Transportation Safety includes all those activities that are intended to ensure safe packaging and transportation. Activities in this area include packaging certification; coordination of intra-building and on-site movements and transfers; off-site and international shipments; transportation (including marking and labeling) of material; maintenance inspection of transportation equipment; testing and technology of transportation operators; aviation safety; motor vehicle safety; water craft safety; and rail safety.

Management and Oversight – Management and Oversight includes all those activities that are intended to coordinate, direct, integrate and control Safety and Health (S&H) activities **across multiple areas**. Activities in this area include S&H documentation and document control activities; configuration management; providing training, S&H performance trending, analyses and lessons learned feedback; corrective action tracking; S&H self-assessment activities; dedicated internal S&H personnel; coordination and communication with DOE, State and local authorities; internal audits and surveillance; external S&H program reviews; operational readiness reviews; and performance and documentation of comprehensive safety analyses. Nuclear safety analyses are included in Nuclear Safety. Program elements such as quality assurance, management systems, oversight and physical infrastructure are inherent to all areas and are intended to be accounted for in the specific areas.

13. ***Facilities Management** - Cost associated with efforts that either create or improve property plant and equipment, and do not meet the capitalization criteria; or support activities that create or improve property, plant and equipment. Facilities management activities add to existing property, plant and equipment or extend the life of existing property, plant and equipment. This is distinct from maintenance activities. Maintenance activities only sustain existing property, plant and equipment in a usable condition and do not result in increasing capabilities of existing property, plant or equipment. Examples of activities in this category are: facilities remodeling, facilities utilization analysis, modification and upgrade analysis, facilities planning and condition determinations, and lease and rental of real property. Rents and leases of other than real property are included in the appropriate category. Facilities Management includes engineering activities such as HVAC systems, electrical

mechanical activities, and repair and maintenance analysis if they extend the current useful life or result in improvements beyond existing capabilities.

14. *Maintenance - Includes the cost of actual work incurred to sustain or continue the functionality of property, plant and equipment. It includes all phases of maintenance: preventive maintenance, predictive maintenance and corrective maintenance. This category includes all maintenance activities regardless of source of funds. (Note: All maintenance is included even though it is recognized these costs are incurred in support of other support and mission categories.) Maintenance activities include:

Preventive Maintenance - includes all those systematically planned and scheduled actions performed for the purpose of preventing equipment, system or facility failure.

Predictive Maintenance - includes actions necessary to monitor, find trends and analyze parameters associated with equipment, systems or facilities that are indicative of decreasing performance or impending failure.

Corrective Maintenance - The repair of failed or malfunctioning equipment, system or facility to restore the intended function or design condition. This maintenance does not result in significant extension of expected useful life. Includes asbestos removal and material replacement.

Facilities Maintenance
Cost to perform activities that sustain or continue existing functionality of real property. These are not activities that increase functionality or extend useful life. Costs that increase functionality or that extend useful life are treated in accordance with the capital assets accounting requirements. Maintenance functions include supervision, planning and scheduling, and storage and staging of materials and supplies. All phases of maintenance are included: preventive, predictive and corrective maintenance. Major functions also included in this category are the cost of janitorial services, pest control and other services to keep these facilities usable.

General Maintenance
Costs to perform activities that sustain or continue existing functionality of all other property and equipment not included in facilities maintenance. These are not activities that increase functionality or extend useful life. Costs that increase functionality or that extend useful life are treated in accordance with the capital assets accounting requirements. Examples of functions included in this category are: maintenance on production and process equipment/machines; computer hardware and network maintenance; maintenance of roads and grounds; maintenance of utilities; calibration, care, repair and storage of equipment used in monitoring, or the actual performance of, maintenance work; and planning and scheduling, and storage and staging of materials and supplies.

15. Utilities - Costs include utility-related engineering associated with labor, operating plants and equipment, contract services for fuel, water treatment chemicals, or

support needed to provide electric power, heat, steam, chilled water, potable water, process gases and sanitary waste disposal to support business and research. This element includes all costs associated with contract services in support of utilities, such as fuel, water treatment chemicals and control systems (also include energy management related activities). Utilities include:

Central Steam Facility - Includes the fuel handling and storage facilities, all assigned personnel and the main steam distribution system.

Central Chilled Water Facility - Includes all assigned personnel and the main chilled water distribution system.

Water Supply System - Includes wells, treatment facilities, storage tanks, the main distribution system and all assigned personnel.

Sanitary Waste Disposal System - Includes the main collection system, refuse collection (internal as well as contracted services), treatment facilities and all assigned personnel.

Electrical Power - Distribution system including main substations and high-voltage distribution systems, and all assigned personnel, as well as all electricity purchases.

16. **Safeguards and Security –** Includes all costs associated with the development and implementation of a Safeguards and Security Program to protect nuclear materials, nuclear weapons, classified information and government property from theft, sabotage, espionage, or other acts that may cause adverse impacts on national security or to the health and safety of the public and employees. Specifically includes the following:

Program Direction - Includes all persons and operating costs for program management; vulnerability assessment; safeguards and security alarming process; professional development and training; inspections, surveys, assessments, facility approval (including Foreign Ownership, Control or Influence), tests and evaluations; policy oversight and administration and technology development oversight and program management, associated with the Safeguards and Security Program.

Protective Forces - Includes all personnel and operating costs associated with Protective Forces. This includes such things as salaries, overtime, benefits, travel, materials and supplies, uniforms, equipment, facilities, vehicles, helicopters, training, communications, federal and contractor management and oversight of protective forces.

Physical Security Protection Systems - Includes all personnel and operating costs associated with designing, installing, performance testing, contraband detection, alarm communications and control, intrusion detection and assessment, barriers and

access denial, entry and egress control, and vital components tampering and monitoring.

Transportation - All security-related transportation costs for transport of special nuclear materials, weapons and other classified material. Includes such costs as personnel, equipment, facilities security upgrades to vehicles and communications. Transportation costs associated with off-site shipment of wastes should be included in the Mission Category.

Information Security - Includes all personnel and operating costs associated with classified documents and material, classification, unclassified controlled nuclear information, security infractions, computer security, technical surveillance countermeasures and operations security.

Material Control and Accountability (MC&A) - Includes all personnel and operating costs associated with control and accountability of special nuclear materials (SNM), nuclear weapons, test devices and weapons components. Includes MC&A access areas, surveillance, containment, detection, assessment, testing, transfers, verifications and measurements, inventories, reconciliation and statistical analyses.

Research & Development - Includes all personnel and operating costs associated with research and development of physical security, information security, personnel security, material control and accountability, integrated systems, vulnerability assessment methods, technology application and tests and technology transfer to users or potential vendors.

Personnel Security - Includes initial investigations, reinvestigations, adjudication, security education, personnel security assurance program, visitor control, national agency checks and administrative review activities.

Cyber Security - Includes management of unclassified and classified data, information technology security assets, cyber information systems, including information technical utilities which include grid research, threat assessments, wireless networks, performance measures, risk management, configuration management, certification/accreditation, training, network monitoring and intrusion detection systems.

17. **Logistics Support** - Costs associated with shipping, receiving, transportation (excluding maintenance which is included in the Maintenance category), warehousing, motor pools, office equipment pools, property management and excessing activities; routine inventory write-offs and other logistic support activities. (Note: Final disposal costs for radiological/hazardous waste shipments are a Mission Direct cost.)

18. **Quality Assurance** - Costs associated with all quality assurance, reliability and regulatory activities. Included in this category are costs for quality engineering and

inspection services, quality assurance audits, occurrence reporting (such as the Occurrence Reporting and Processing System), development of quality program plans, operational readiness review coordination and other activities related to ensuring the quality assurance of site operations and facilities. This does not include costs incurred for weapons stockpile certification.

19. Laboratory/Tech Support - Measurement and testing conducted within the context of sampling, field investigations, analytical chemistry and other similar studies. Includes the cost of other technical support services/activities, such as non-destructive assay, electronics services, machine shops, etc.

Site Specific

20. Management/Award Fee/Incentive Fee - The management allowance is an amount paid to not-for-profit educational institutions for the equivalent of home or corporate office general and accounting expenses. The award and incentive fee is a fee that is paid to a contractor based on performance and includes shared savings incentive payments (such as cost savings incentives).

21. Taxes - Includes State and municipal taxes, as well as "payments in lieu of taxes." Does not include taxes that are payroll related.

22. Laboratory Directed Research and Development (LDRD); Plant Directed Research, Development and Demonstration Program (PDRD); and Site Directed Research, Development and Demonstration Program (SDRD) – LDRD portion reflects costs incurred in accordance with DOE Order 413.2A for the purpose of pursuing new and innovative scientific concepts of benefit to the DOE. Excludes allocations of overhead. The PDRD and SDRD portions reflect costs incurred in accordance with the legislative authority for these activities.

U.S. DEPARTMENT OF ENERGY

FY 2006 SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT
APPENDIX B - ALL 29 SUBMITTING SITES & CONTRACTORS

Ames Laboratory/Iowa State
Argonne National Laboratory/University of Chicago
Bettis Atomic Power Laboratory/Bechtel
Brookhaven National Laboratory/Brookhaven Science Associates
Fermi National Accelerator Laboratory/University Research Association
Hanford/Fluor Daniel & Bechtel
Idaho National Lab/Battelle Energy Alliance
Idaho National Lab/Bechtel BWXT
Idaho National Lab/CH2MWG
Kansas City/Honeywell, FM&T
Knolls Atomic Power Laboratory/Lockheed Martin
Los Alamos National Laboratory/Los Alamos National Security
Lawrence Berkeley National Laboratory/University of California
Lawrence Livermore National Laboratory/University of California
National Renewable Energy Laboratory/Midwest Research Institute
Nevada/ National Securities Technology
Oak Ridge Environmental Management & Enrichment Facility/Bechtel Jacobs
Oak Ridge National Laboratory/UT-Battelle, LLC
Pacific Northwest National Laboratory/Batelle Memorial Institute
Pantex/BWXT
Princeton Plasma Physics Laboratory/Princeton University
Sandia National Laboratory/Lockheed Martin
Savannah River/Westinghouse & Wackenhut
Stanford Linear Accelerator Center/Stanford University
Strategic Petroleum Reserve/DynMcDermott Petroleum operations
WIPP/Westinghouse
West Valley/West Valley Nuclear Services
Yucca Mountain/Bechtel-SAIC
Y12/BWXT

This report and additional functional support cost details from the 29 contributing sites are available online at: http://www.cfo.doe.gov/cf1-2/scfa.htm