

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 2000 and beyond, both in the number of employees and in the functions of employees in the contractor work force. 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. It is difficult to predict at this point in the budget cycle what the specific funding needs will be during FY 2001. The program is counter-cyclic, i.e., if the Defense, Environmental Management or Science programs experience significant adjustments during FY 2000 or FY 2001, the needs for Worker and Community Transition funding increase. The estimates at this time, therefore, are subject to considerable change dependent upon other program funding.

In addition, Section 3110 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law 104-134, provides employee protections as a result of United States Enrichment Corporation (USEC) privatization. Subsection (5) provides, "In the event of a plant closing or mass layoff (as such terms are defined in section 2101 (a) (2) and (3) of title 29, United States Code) at either of the gaseous diffusion plants, the Secretary of Energy shall treat any adversely affected employee at such plant who was employed on July 1, 1993, as a Department of Energy employee for purposes of sections 3161 and 3162 of the National Defense Authorization Act for Fiscal Year 1993."

Limitations on separations at Portsmouth and Paducah established under a memorandum of agreement between USEC and the Treasury Department expire on June 30, 2000. It is anticipated that significant work force reductions could occur at these gaseous diffusion plants during Fiscal Year 2001 for which the Department would have a responsibility to mitigate the adverse impacts on workers and the communities.

Since FY 1993, 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. Annual savings from workforce reductions have exceeded the one time costs by a factor of up to five times. For example, the cost of the worker transition activities in the program's first year was \$165 million. That expenditure facilitated the Department's efforts that resulted in savings of \$899 million in salaries and expenses.

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 Office is focusing on developing early closure strategies to ensure retention of

workers with key skills until cleanup milestones are achieved and then to assist in the transition of such workers into other careers outside of the Department of Energy. Work force management is a key factor in achieving early closure targets which have the potential for saving the Department billions of dollars in costs of surveillance and maintenance. For example, at the Fernald facility, the Department could save \$23 million for each month it can reduce the site closure schedule.

An independent evaluation of the program mandated by the National Defense Authorization Act for Fiscal Year 1998 and completed September 30, 1998, analyzed the Office of Worker and Community Transition's success in promoting the orderly transition at the Department's facilities. That evaluation indicated that the benefits provided by the Department of Energy are similar to those provided at Department of Defense (DOD) facilities undergoing transition and the average costs are lower than either DOD's or the costs experienced by a sample of major private employers. These lower average costs are the result of an application of best practices to meet the particular circumstances involved in each restructuring. Some features that have been particularly helpful in keeping the costs low have been the level of attrition and the potential to retrain employees so they could perform other Department functions at their respective site, thereby avoiding severance or other separation costs.

The evaluation also found that the community transition assistance was a major factor in mitigating worker and economic disruptions in the affected communities and that, although the ratio of obligated but uncosted funds is moderately high, it is consistent with the outyear commitments of other economic diversification initiatives.

The General Accounting Office also surveyed 25 major companies to determine work force reductions and downsizing strategies. The survey found that at least 18 out of 25 companies (72 percent) provide incentives to employees to voluntarily separate. The survey also found that most firms used hiring freezes and internal transfers before offering voluntary separation programs. A May 1999 GAO audit of worker benefits provided by DOE contractors found that they were "reasonably consistent with the types of benefits offered by other government and private employers." A survey conducted by Actuarial Services Associates, Inc. found that it is common for companies to offer early retirement or voluntary programs before layoffs. A survey conducted by Lee Hecht Harrison, Inc. of more than 3,000 human resources personnel respondents found that most firms provide outplacement, tuition, and other assistance to separated workers. The survey also found that 75 percent of firms that provided severance benefits provided one week per year of service. Extended medical benefits during the severance period were offered by 65 percent of the respondents.

The independent study further concluded that commercial responses to work force restructuring are thus similar to the Department of Energy's methods. DOE work force restructuring plans frequently utilize internal transfers followed by voluntary programs before layoffs are used to separate workers. Outplacement and training is available for most separated workers. For most restructuring plans, severance benefits are calculated using the formula of one week per year of service. Finally, DOE provides medical benefits for most separated workers who are not covered by other medical benefits plans.

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 revenue for 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 may leave a community, and other Federal, state, and local units of government must bear the responsibility for 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.

Since Fiscal Year 1997 a part of the Department's asset management functions have been located with the Office of Worker and Community Transition. Through the asset management functions, the Office identifies assets that are excess or unneeded for current Department missions and works with field and program managers to dispose of or reuse the assets. Because asset disposition and stimulating economic development can conflict or complement each other, depending on 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.

Through its programs, the Office of Worker and Community Transition is achieving Objective NS3-6 of the Fiscal 1999 Performance Agreement for the Department of Energy. That objective states that the Department would, "Mitigate the impacts on workers and communities from contractor work force restructuring and assist community planning."

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

- Develop strategies to limit increases in unplanned employee attrition at early closure sites to no more than 30 percent, in order to maintain essential work skills.
- Achieve annual recurring cost savings from separated workers that are at least three times the one time cost of separation.

- Support local community transition activities that will create or retain cumulatively 24,000 to 27,500 new private sector jobs by the end of FY 2001.

Significant Accomplishments and Program Shifts

- The program successfully managed the reduction of about 48,600 contractor personnel in seven years (Fiscal Year 1993 - 1999).
- More than two thirds of separations to-date have been voluntary, with an average (including workers separated through attrition) separation cost of approximately \$17,900 per position. When attrition is excluded, average separation costs have been approximately \$24,500.
- Based on the average cost per contractor worker, annually recurring savings for the 48,600 prime contractor positions eliminated are in excess of \$3.4 billion for salaries and benefits.
- Used oversight and intervention to forestall or resolve serious conflicts in labor and management relations at numerous facilities including, Idaho, Kansas City, and Rocky Flats.
- Provided local impact assistance to affected communities that cumulatively created or retained more than 22,436 private sector jobs through the end of FY 1999, with an anticipated additional 20,000 jobs by the end of the year 2003. One job has been created or retained to date for each \$9,000 provided to affected communities by the program. This figure compares favorably with the experience of other Federal agencies in similar efforts.
- An Asset Disposition Report was prepared that showed the acquisition value of all of the Department's real and personal property. For the 1997-1998 reporting period, the total value was \$33.4 billion, of which program managers identified 2.3 percent or \$773.7 million as excess or unneeded. Disposition routes selected by field managers for the excess or unneeded property were also identified.

Funding Profile

(dollars in thousands)

	FY 1999 Current Appropriation	FY 2000 Original Appropriation	FY 2000 Adjustments ^a	FY 2000 Current Appropriation	FY 2001 Budget Request
Worker and Community Transition	26,000	21,000	-475	20,525	21,500
Program Direction	3,900	3,500	-13	3,487	3,000
Subtotal, Worker and Community Transition	29,900	24,500	-488	24,012	24,500
Use of Prior-Year Balances ^b	-1,698	0	0	0	0
Total, Worker and Community Transition . . .	28,202	24,500	-488	24,012	24,500

^aAdjustments to appropriations consisted of a 0.38 recission (\$90,000) and a reduction of \$398,000 for contractor travel

^bOffice of Worker and Community Transition portion of EWD reduction for use of prior-year unobligated balances assigned to this program. The total reduction is applied at the appropriation level.

Funding by Site

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Albuquerque Operations Office	0	100	0	-100	-100.0%
Carlsbad	650	0	0	0	0.0%
Kansas City	0	325	0	-325	-100.0%
Los Alamos National Laboratory	350	0	0	0	0.0%
Pantex	200	0	0	0	0.0%
Sandia	600	0	0	0	0.0%
Total, Albuquerque Operations Office	1,800	425	0	-425	-100.0%
Headquarters	3,900 ^a	7,702 ^b	18,500 ^c	+10,798	140.2%
Idaho Operations Office	3,350	6,200	6,000	-200	-3.3%
Oak Ridge Operations Office					
Oak Ridge Operations Office	4,000	9,150	0	-9,150	-100.0%
Paducah/Portsmouth GDP ^d	5,300	0	0	0	0.0%
Total, Oak Ridge Operations Office	9,300	9,150	0	-9,150	-100.0%
Ohio Field Office					
Fernald Area Office	0	325	0	-325	-100.0%
Mound Area Office	5,000	0	0	0	0.0%
Total, Ohio Field Office	5,000	325	0	-325	-100.0%
Richland Operations Office	4,500	110	0	-110	-100.0%
Rocky Flats Field Office	1,050	100	0	-100	-100.0%
Savannah River Operations Office	1,000	0	0	0	0.0%
Subtotal, Worker and Community Transition	29,900	24,012	24,500	+488	2.0%
Use of prior year balances	-1,698	0	0	0	0.0%
Total, Worker and Community Transition	28,202	24,012	24,500	+488	2.0%

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

^bIncludes \$3,487,000 Program Direction costs and \$4,215,000 not designated at this time.

^cIncludes \$3,000,000 Program Direction costs and \$15,500,000 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

Albuquerque Operations Office

Kansas City

Work force restructuring involving up to 185 positions in FY 2000 were recently announced at Kansas City. Depending on final disposition of FY 2000 and FY 2001 Defense Program budgets, additional restructuring may be required during those years.

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 completely where work force restructuring funding will be needed. The work force restructuring funding shown in the site table reflects funds allocated as of February 1, 2000. The final determination of work force restructuring needs at each site is dependent on final program action on FY 2000. Work force transition during FY 2001 may occur at Paducah/Portsmouth, Rocky Flats, and Savannah River but the magnitude is not yet known. Therefore, the unallocated funds in FY 2000 and the entire amount for work force transition is still shown as being at Headquarters.

A portion of the unallocated funds for FY 2000 shown as being at Headquarters may be used for community transition, depending upon the worker transition needs. During FY 2001, \$6 million to fulfill the final year of the Department's payments under a legal settlement with the State of Idaho is shown for that site. The other \$3 million of community transition funds will not be designated for a site until FY 2001. Funding allocations in this program depend upon the submission of adequate proposals from the local community. The allocation of funding among sites will depend upon the relative merits of program proposals and the local communities' management of their respective programs. Since the Office of Worker and Community Transition currently has on hand about \$50 million of proposals for community transition projects from several sites, it will probably be split among two or more sites.

Idaho Operations Office

Funding of \$6 million during FY 2001 will complete the Department of Energy's obligation 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 spanning six fiscal years, dependent upon appropriations being adequate. About 600 jobs during each of the fiscal years 2000 and 2001 will be created or retained through this funding.

In addition, the Eastern Idaho Community Reuse Organization has received \$200,000 during FY 2000 for assistance in funding administrative costs.

Oak Ridge Operations Office

Oak Ridge Facility

The Department recently announced up to 600 reductions in FY 2000 at Y-12, and additional reductions at the site are anticipated during the year as a result of completing subcontracting of environmental management work. The estimated cost of enhanced benefits for these separations is \$6.4 million. In November 1998, Secretary Richardson committed \$8.75 million for FY 1999 and FY 2000 for economic diversification at Oak Ridge. During FY 1999, the Department allocated \$4 million. The funding in FY 2000 (\$2.75 million) will assist the community in attracting replacement industries for the latest group of displaced workers who were separated during FY 1999 and FY 2000 and those additional employees that may be separated in FY 2000 because of potential budget cuts in Defense Programs and Environmental Management. The remaining commitment of \$2.0 million will be allocated at some future time.

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. Projects expected to be funded from the allocations in FY 1999 and FY 2000 include the following: 1) manufacturing training; 2) automatic testing equipment for the National Transportation Research Center; 3) regional economic diversification; and, 4) recruitment of new industries to the region. About 275 jobs will be created or retained in the Oak Ridge community with the funding from FY 2000.

Portsmouth and Paducah Site Offices

On June 30, 1998, the United States Enrichment Corporation (USEC) signed a two-year agreement with the Department to provide a \$20 million reimbursable account for work force restructuring and community transition activities at Portsmouth and Paducah, consistent with the Department's responsibility to mitigate impacts of work force reductions under section 3110 of the Omnibus Consolidated Appropriations Act of FY 1996. The \$20 million will provide for the expected costs, through June 30, 2000, of work force restructuring involving approximately 500 positions at the two gaseous diffusion plants now operated by USEC, and a portion of the expected costs for community transition.

Significant work force reductions are likely to occur at these sites late in FY 2000 or early FY 2001 as USEC responds to business requirements, for which the Department retains a mitigation responsibility. From 500 - 1000 work force transition actions may occur during FY 2001.

The funding for community transition for FY 2000 until June 30, 2000, will be from the USEC reimbursable account. Projects to be funded at Paducah include: 1) business development; 2) facility reuse; 3) industrial park development; and, 4) technical assistance for entrepreneurs. Projects to be funded at Portsmouth include: 1) industrial parks; 2) a high-tech business incubator; and, 3) a small business seed fund.

During FY 2000, the USEC reimbursable account will provide about \$5 million to these two facilities for community transition.

Ohio Operations Office

Fernald Environmental Management Project

The Fernald Environmental Management Project intends to close the site in FY 2006. It is anticipated that significant work force reductions to achieve this schedule may begin in FY 2001. Therefore, the need to develop alternative employment has become a significant concern. 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. Funding for FY 2000 is for the purpose of technical assistance and administrative expenses.

Mound Area Office

The Mound site will be closing in FY 2003. The FY 1999 funding of \$5 million per year was to assist in accelerating the transfer of the entire facility out of the Department's ownership. The site request for \$5 million in both FY 2000 and FY 2001 is among the proposals received by Headquarters for potential funding during FY 2001. The local community reuse organization intends to use the facility as an industry and technology park for private sector companies that will employ former workers. The Department could experience significant savings of \$150 - 200 million through a saving of operating costs if it can continue an accelerated closure of the site.

Richland Operations Office

Changes in required skills mix are anticipated to result in work force restructuring requirements at Hanford during FY 2000. The funding during FY 2000 will be used to assist worker transition activities.

Rocky Flats Office

Rocky Flats is planning for site closure by FY 2006. The site anticipates substantially completing special nuclear material stabilization and consolidation work in FY 2001, and moving primary focus to completing environmental remediation, deactivation, decontamination and decommissioning. This may result in lower total employment and substantial shifts in skills mix that could impact several hundred employees late in FY 2001.

During FY 2000, the Community Reuse Organization received \$100,000 in funding to assist with administrative costs.

Savannah River Operations Office

Based on submitted at target budgets, significant work force restructuring may be required at Savannah River in FY 2001. The funding for the Savannah River Operations Office during FY 1999 was for enhanced benefits for workers affected by the Savannah River Plant Work Force Restructuring plan.

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 Objective NS3-6 of the Fiscal Year 1999 Performance Agreement for the Department of Energy. 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.

Performance Measures

- During FY 2001, develop strategies to limit increases in unplanned employee attrition at early closure sites to no more than 30 percent, in order to maintain essential work skills.
- The annual recurring cost savings from workers separated from FY 1993 through FY 1999 are in excess of \$3.4 billion. During FY 2000 and FY 2001, achieve additional annual recurring cost savings from separated workers that are at least three times the one time cost of separation.
- With the appropriations from FY 2000 and FY 2001, an additional 900 jobs each year will be created or retained during the fiscal years identified. Overall, the program will support local community transition activities that will create or retain cumulatively 24,000 to 27,500 new private sector jobs by the end of FY 2001.

Funding Schedule

(dollars in thousands)

	FY 1999	FY 2000	FY 2001 ^a	\$ Change	% Change
Work Force Restructuring	3,254	11,455	12,500	+1,045	9.1%
Community Transition Assistance	22,746	9,070	9,000	-70	-0.8%
Total, Worker and Community Transition	26,000	20,525	21,500	+975	+4.8%

^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 1999	FY 2000	FY 2001
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Work Force Restructuring

Work force restructuring includes reviewing and approving work force restructuring plans and actions, providing enhanced benefits to separated workers, coordinating work force planning activities to retain critically needed skills, and assisting field offices in labor negotiations.

The calculation of funding requirements for FY 2001 estimated work force actions at: the gaseous diffusion facilities at Paducah, Kentucky, and Portsmouth, Ohio; Rocky Flats; and, Savannah River. An estimated 1500 workers would be involved. The estimated amount would allow some voluntary reductions but would require some involuntary also. If reductions occur in the Defense Programs or Environmental Management budgets, additional work force transition activities may be necessary in greater numbers at these facilities or at other facilities. In such a case, worker assistance would become more limited to the enhanced severance benefits of displaced medical benefits, retraining assistance, and outplacement assistance included in past involuntary separation benefits. Also, if the number of affected workers increased, the Department would be able to offer voluntary separation benefits to fewer, if any, workers.

The funding shown does not include the enhanced benefits for approximately 500 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).

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.

	3,254	11,455	12,500
Total, Work Force Restructuring	3,254	11,455	12,500

(dollars in thousands)

Community Transition Assistance

Approved community transition projects which have created or retained approximately 22,000 jobs as of the end of FY 1999. About 1,500 jobs are expected to be created or retained as a result of FY 1999 funding. Funding during FY 2000 and FY 2001 is expected to create about 300 jobs per year. (See also jobs created in the State of Idaho and at the Mound Facility, discussed below)

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 was expected to create 300 jobs in FY 1999 and is expected to create about 600 jobs per year during FY 2000 and FY 2001.

At the Mound Facility, the Department had 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. The funding for FY 1999 is expected to create or retain about 500 jobs. If early closure is possible, the Department would save \$150 - 200 million because it could stop paying the operating costs three years earlier than had been planned.

Total, Community Transition Assistance
Total, Worker and Community Transition

	FY 1999	FY 2000	FY 2001
Approved community transition projects	14,746	3,070	3,000
Legal settlement with the State of Idaho	3,000	6,000	6,000
At the Mound Facility	5,000	0	0
Total, Community Transition Assistance	22,746	9,070	9,000
Total, Worker and Community Transition	26,000	20,525	21,500

Explanation of Funding Changes from FY 2000 to FY 2001

FY 2001
vs. FY 2000
(\$000)

Worker Transition

- Additional worker transition funding is required to provide enhanced separation benefits for workers affected by Environmental Management and Defense Programs' projected budget reductions. All the sites where work force transition actions are expected will not be finalized until the completion of the appropriation process but will likely include Paducah/Portsmouth gaseous diffusion plants, Rocky Flats, and Savannah River. The increase also assumes there will not be any adjustments similar to the \$0.5 million adjustment in the FY 2000 program +1,045

Community Transition Assistance

- Funding for community transition was reduced during FY 2000 due to strong demands created by the need to fund enhanced worker benefits. An unexpected response to a request for volunteers created an even greater demand for available funds. Funding during FY 2001 for community transition would be reduced by approximately \$0.1 million due to the continued high demand by the worker transition program caused by a reduction in the budgets for the Environmental Management and Defense Programs. The funding would create or retain about 900 jobs which is the same as FY 2000. -70

Total Funding Change, Worker and Community Transition +975

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 1999	FY 2000	FY 2001	\$ Change	% Change
Headquarters					
Salaries and Benefits	2,322	2,150	1,965	-185	-8.6%
Travel	85	85	85	0	0.0%
Support Services	912	672	400	-272	-40.5%
Other Related Expenses	581	580	550	-30	-5.2%
Total, Headquarters	3,900	3,487	3,000	-487	-14.0%
Full Time Equivalent	25	21	19	-2	-9.5%

Detailed Program Justification

(dollars in thousands)

FY 1999	FY 2000	FY 2001
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Salaries and Benefits

Staff oversaw actions to achieve approximately 5,000 prime contractor reductions in FY 1999 and will oversee 3,000 to 5,000 employment changes in FY 2000 and FY 2001 at the level of the Defense Programs and Environmental Management programs' budget requests. 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.

2,322 2,150 1,965

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.

85 85 85

Support Services

Support services consist of two elements. The first is assistance in the preparation of both routine and extraordinary analyses and reports as needed. The second major element during FY 2000 consists of the continued development and maintenance of the 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. During FY 2001, the WFIS system should be complete and will involve system maintenance

912 672 400

(dollars in thousands)

FY 1999	FY 2000	FY 2001
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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.

software and professional journals.	581	580	550
Total, Program Direction	<u>3,900</u>	<u>3,487</u>	<u>3,000</u>

Explanation of Funding Changes from FY 2000 to FY 2001

FY 2001 vs. FY 2000 (\$000)

Salaries and Expenses

- Decrease of \$185,000 in Salary and Benefits is due to a decrease in level of FTE's partially offset by a projected pay increase -185

Travel

- No change is expected in Travel 0

Support Services

- Decrease of \$272,000 in support services is due to the completion of the majority of Work Force Information System development. -272

Othr Related Expenses

- Decrease of \$30,000 in the Other Related Expenses is due to the reduction in FTE's -30

Total Funding Change, Program Direction	-487
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Support Services

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Technical Support Services	0	0	0	0	0.0%
Management Support Services	752	507	300	-207	-40.8%
ADP Support	100	100	60	-40	-40.0%
Administrative Support Services	60	65	40	-25	-38.5%
Total Support Services	912	672	400	-272	-40.5%

Other Related Expenses

(dollars in thousands)

	FY 1999	FY 2000	FY 2001	\$ Change	% Change
Working Capital Fund	536	535	507	-28	-5.2%
Other	45	45	43	-2	-4.4%
Total, Other Related Expenses	581	580	550	-30	-5.2%