

Subpart 970.22—Application of Labor Policies

Parent topic: [PART 970—DOE MANAGEMENT AND OPERATING CONTRACTS](#)

970.2200 Scope of subpart.

This subpart prescribes Department of Energy (DOE) labor policies pertaining to the award and administration of management and operating contracts.

970.2201 Basic labor policies.

970.2201-100 Labor relations.

970.2201-110 General.

Contracting officers shall, in appropriate circumstances, follow the requirements in FAR subpart 22.1, as supplemented in this section, in the award and administration of:

- (a) Management and operating (M&O) contracts;
- (b) Contracts the Senior Procurement Executive designates; and
- (c) Non-M&O contracts where the current contract's work was previously performed under an M&O contract and the current Contractor was required to, and did, employ the former Contractor's legacy workforce. These non-M&O contracts may include, but are not limited to, contracts whose work is for:
 - (1) Environmental remediation;
 - (2) Decontamination and decommissioning;
 - (3) Environmental restoration;
 - (4) Infrastructure services for the site;
 - (5) Site closure at a current or former M&O contract site or facility; or
 - (6) Protective forces that provide physical security of sites at a current or former M&O contract site or facility.

970.2201-120 Policies.

(a) The extent of Government ownership of the nation's energy plant and materials, and the overriding concerns of national defense and security, impose special conditions on personnel and labor relations in the energy program. Such special conditions include the need for continuity of vital operations at DOE installations; retention by DOE of absolute authority on all questions of security in accordance with 10 CFR 706.40; and DOE review of labor expenses under management and operating (M&O) contracts (and certain other contracts) to assure judicious expenditure of public funds. It is the intent of DOE that personnel and labor policies throughout the energy program reflect the best experience of American industry in aiming to achieve the type of stable labor-management relations that are essential to the proper development of the energy program. The following enunciates the principles upon which the DOE policy is based:

(1) *Employment standards.*

(i) M&O contractors (and certain other non-M&O contractors and subcontractors as described in 970.2201-110) are expected to bring experienced, proven personnel from their private operations to staff key positions on the contract and to recruit other well-qualified personnel as needed. Such personnel should be employed and treated during employment without discrimination by reason of race, color, religion, sex, age, disability, or national origin. Contractors are required to take affirmative action to achieve these objectives as required by, among other things, the clause at FAR 52.222-26.

(ii) When the clause at 952.204-2, Security Requirements, is applicable (see 904.404), the Contracting Officer will obtain adequate assurance that the Contractor performed the required review of an uncleared applicant's or of an uncleared employee's background in its determination to select an individual for a position requiring a DOE access authorization.

(2) *Security.* In accordance with 10 CFR 706.40, on all matters of security at its facilities, DOE retains absolute authority. Neither the regulations or policies pertaining to security, nor their administration, are matters for collective bargaining between the contractor's management and labor. Insofar as DOE security regulations affect the collective bargaining process, the security policies and regulations will be made known to both parties. To the fullest extent feasible, DOE will consult with representatives of the contractor's management and labor when formulating security regulations and policies that may affect the collective bargaining process.

(3) *Wages, salaries, and employee benefits.* The aspects of wages, hours, and working conditions which are the substance of collective bargaining in normal organized industries will be left to the orderly processes of negotiation and agreement between contractor management and employee representatives with maximum possible freedom from Government interference and consistent with paragraph (a)(5) of this section and 970.2201-140.

(4) *Employee relations.* The handling of employee relations on contract work, including such matters as the conduct and discipline of the work force and the handling of employee grievances, is part of the normal management responsibility of the contractor.

(5) *Collective bargaining.*

(i) DOE review of collective bargaining practices will be premised on the view that management's trusteeship for the operation of the Government facilities includes the duty to adopt practices (which experience has shown) that are fundamental to the equitable resolution of disputes and promote

orderly collective bargaining relationships. Practices inconsistent with this view may be objected to if not found to be otherwise clearly warranted.

(ii) Consistent with the policy of assuring continuity of operation of vital facilities, all collective bargaining agreements at DOE-owned facilities should provide that grievances and disputes involving the interpretation or application of the agreement will be settled without resorting to strike, lockout, or other interruption of normal operations. For purposes of this paragraph (a)(5)(ii), each collective bargaining agreement entered into during the period of performance of this contract should provide an effective grievance procedure with arbitration as its final step, unless the parties mutually agree upon some other method of assuring continuity of operation for the term of the collective bargaining agreement.

(iii) DOE expects its management and operating contractors and the unions representing the contractor's employees to cooperate fully with the Federal Mediation and Conciliation Service.

(6) *Personnel training.* DOE encourages and supports personnel training programs aimed at improving work efficiency or developing needed skills which are not otherwise obtainable.

(7) *Working conditions.* Accident, fire, health, and occupational hazards associated with DOE activities should be held to a practical minimum level and controlled in the interest of maintenance of health and prevention of accidents. Subject to DOE control, to the extent set forth in the terms and conditions of the contract, contractors are required to:

(i) Maintain comprehensive continuous preventive and protective programs appropriate to the particular activities throughout all operations.

(ii) Provide appropriate financial protection in case of occupational disability to employees.

(b) Title to payroll and associated records under certain contracts (see 970.0407-120) for the management and operation of DOE facilities, and for necessary miscellaneous construction incidental to the function of these facilities, shall vest in the Government. Such records are to be disposed of in accordance with the clause at 970.5232-3, Accounts, Records, and Inspection, and other DOE directions. For such contracts, the Solicitor of Labor has granted a tolerance from the Department of Labor regulations to omit from the prescribed labor clauses the requirement for the retention of payrolls and associated records for a period of three years after completion of the contract. Under this tolerance, the records retention requirements for all labor clauses in the contract and the Fair Labor Standards Act are satisfied by disposal of such records in accordance with applicable DOE directives.

970.2201-130 Contract clause.

In addition to the clause at FAR 52.222-1, Notice to the Government of Labor Disputes, the contracting officer shall insert the clause at 970.5222-1, Collective Bargaining Agreements—Management and Operating Contracts, in all M&O contracts and certain other non-M&O contracts as described in 970.2201-110. The substance of the clause at 970.5222-1, Collective Bargaining Agreements, shall be included in any subcontract for protective services or other services performed on the DOE-owned site which will affect the continuity of operations of the facility.

970.2201-140 Wages, salaries, and employee benefits.

(a) It is DOE policy that contractors facilitate the retention of certain critically skilled employees for the management and operation of laboratories and other national defense and security site facilities; contracts designated by the Senior Procurement Executive; and certain other non-M&O contracts as described in 970.2201-100. Critically skilled employees are those employees whose specific recognized technical skills, knowledge, and experience in a specific field are critical to the operations or strategy of a contractor, and whose loss from the DOE contractor's workforce system would cause a significant negative impact on achieving and supporting national research, environmental, defense, and security objectives.

(b) Wages, salaries, and employee benefits shall be administered in a manner designated to adapt the normal practices and conditions of industry or institutions of higher education to the contract work, and to provide for appropriate review by DOE.

(c) The contractor's compensation systems and supporting policies should support the effective recruitment and retention of a highly skilled, motivated, and experienced workforce at a reasonable cost. For a cost to be allowable it must comply with each of the five requirements for allowability stated in FAR 31.201-2. Some of the specific details of the allowable costs for compensation for personal services are discussed at FAR 31.205-6, as supplemented by, 970.3102-506, and other pertinent parts of the DEAR and DOE directives and policies.

970.2201-200 Overtime management.

970.2201-210 Policy.

Contracting officers shall ensure that management and operating contractors manage overtime cost effectively and use overtime only when necessary to ensure performance of work under the contract.

970.2201-220 Contract clause.

The contracting officer shall insert the clause at 970.5222-2, Overtime Management, in management and operating contracts.

970.2204 Labor standards for contracts involving construction.

The policy in 922.406-1 applies to M&O contracts.

970.2208 Equal employment opportunity.

The equal employment opportunity provisions of 48 CFR subpart 22.8 and subpart [922.8](#) of this chapter, including Executive Order 11246 and 41 CFR part 60, are applicable to DOE management and operating contracts.

970.2210 Service contract labor standards.

The Service Contract Labor Standards, historically referred to as the Service Contract Act of 1965, is not applicable to contracts for the management and operation of DOE facilities, but it is applicable to subcontracts under such contracts (see 970.5244-1(x)).

970.2270 Unemployment compensation.

(a) Each state has its own unemployment compensation system to provide payments to workers who become unemployed involuntarily and through no fault of their own. These claims are payable by employers through the state unemployment insurance tax. Some entities such as nonprofits may be permitted to either pay in or opt out. These claims are payable either through the state unemployment insurance tax (pay in) or by reimbursing the state for actual claims paid out to former employees (opt out).

(b) The predictability of paying claims through the state unemployment insurance tax is preferred and highly encouraged. However, an M&O contractor may choose to opt out. A contractor before deciding to opt out, generally performs an analysis of its workforce including size and stability of the workforce, historical turnover rate and historical payout data. This information may also be provided to state regulators who are interested in ensuring that employers who opt out establish an adequate reserve fund to reimburse the state for the claims that are processed for the company's former employees.

(c) When an M&O contractor opts out of paying for claims through the state's unemployment insurance tax, as permitted and in accordance with state laws, regulations and guidelines, the reimbursement by DOE, in any given year, should generally be limited to the actual incurred cost, but no more than what would have been incurred had the contractor chosen to pay in.

970.2270-2 Contract clause.

The Contracting Officer shall insert the clause at 970.5222-4, Unemployment Compensation, in all solicitations for an M&O contract and in all M&O contracts awarded to a nonprofit entity. When this is included in a contract or solicitation, the Contracting Officer shall fill in the appropriate number of calendar days.