

## CHAPTER V. BENEFITS

1. OBJECTIVE. To ensure that contractors that perform work under cost reimbursement contracts develop employee benefit programs that will attract and retain competent and productive employees and that facilitate the achievement of objectives and business strategies in support of DOE missions in a cost effective manner.
2. APPLICABILITY. This chapter is applicable to all DOE Elements responsible for management of cost reimbursable contracts that include provisions for DOE reimbursement of contractor human resources costs.
3. REQUIREMENTS. Reasonableness and allowability of compensation, including welfare benefits, shall be determined for contracts to manage and operate DOE facilities in accordance with the cost principles at DEAR 970.3102-05-6 and shall be determined for all other contracts in accordance with the guidelines at FAR 31.205-6.
4. RESPONSIBILITIES.
  - a. Senior Procurement Executive.
    - (1) Establishes Departmental performance objectives for contractor welfare benefit programs management and assists field staffs to define performance measures and expectations that will be used to evaluate accomplishment of performance objectives.
    - (2) Approves contractor benefit plans and proposed changes that are an exception to DOE policy.
    - (3) Defines reporting requirements regarding benefits cost and workers' compensation loss information including format, definition of requirements, and schedule of reporting.
    - (4) Provides consultation on benefit programs to Department Managers, Heads of Contracting Activities, and contractors.
    - (5) Provides the results of any applicable benefits studies to Department Managers, Heads of Contracting Activities, and contractors.
    - (6) Provides guidance to Heads of Contracting Activity on the conduct and use of the methods for evaluating contractor welfare benefit programs using either the tables published by the U.S. Department of Labor's Bureau of Labor Statistics, the Value Study method or other nationally recognized survey.

b. Heads of Contracting Activities.

- (1) Develop performance measures, expectations, and related incentives for performance-based contracts to achieve Department objectives and desired improvements in contractor management of employee benefit programs.
- (2) Evaluate contractor benefit programs on a periodic basis to assess program costs and assure costs are reasonable and allowable.
- (3) Approve the adoption by contractors of corporate benefit programs in their entirety, which incorporate policy, procedures, cost sharing and other arrangements of the parent organization.
- (4) Approve contractor benefit plans and proposed changes that are either new or first time on a site, set a precedent for the DOE contractor system, or involve flexible benefit programs.
- (5) Obtain approval of the Senior Procurement Executive for contractor benefit plans and proposed changes that are an exception to DOE policy.
- (6) For other than corporate benefit programs, approve the contractor's methodology for evaluating its currently approved welfare benefits programs, consistent with contractual provisions and (a) and (b) below. An Employee Benefits Value (Ben-Val) Study Method using no less than 15 comparator organizations and an Employee Benefits Cost Survey comparison Method shall be used in this evaluation to establish an appropriate comparison method.
  - (a) When the contractor's cost and value is within the range of acceptability (i.e., no more than 5 percent above the comparator for other organizations), no further action is required.
  - (b) When the contractor's cost or value is greater than 5 percent above the comparator for other organizations, a corrective action plan to achieve conformance with the range of acceptability defined in (a) above will be required, unless otherwise justified in writing.
- (7) Instruct contractors on the conduct and use of the methods for evaluating contractor welfare benefit programs using either the tables published by the U. S. Department of Labor's Bureau of Labor Statistics, the Value Study method, or other nationally recognized survey consistent with departmental guidance.
- (8) Approve a contractor's corrective action plan and evaluate contractor progress against the plan.