



Department of Energy

Brookhaven Site Office

P.O. Box 5000

Upton, New York 11973

JAN 24 2011

Mr. Robert Lincoln
Acting Chief Human Resources Officer
Brookhaven Science Associates, LLC
Brookhaven National Laboratory
Upton, New York 11973

JAN 21 2011

Dear Mr. Lincoln:

**SUBJECT: INDEPENDENT REVIEW OF BROOKHAVEN NATIONAL LABORATORY'S
(BNL'S) COMPENSATION SYSTEM**

REFERENCE: Letter from R. Kelly, BSA to R. Gordon, SC-BHSO dated October 01, 2010.

The Department of Energy (DOE) has completed a review of the Assessment Team report and finds that the existing compensation program reasonably meets DOE standards as indicated in DOE Order 350.1 and Appendix A of the Contract. Therefore, re-certification is granted at this time.

However, there are recommendations in the report that require attention and should be addressed in the immediate future since they indicate the potential for cost inefficiency. Although the above referenced letter indicates that the Laboratory plans to use many of the recommendations in the report and will take action on the Team's one finding, it does not provide a plan or schedule to implement any program enhancements.

Therefore, within 60 days a documented matrix should be provided to me which addresses each of the observations/recommendations and finding(s) indicated in the report. The document should include the rationale for any item being disposed of without further action intended, and also include an implementation schedule describing any future enhancements to the compensation program.

The plan should allow for the near term completion of the following:

- Develop a Critical Skills policy
- Conduct an Equal Pay analysis to address the report Finding
- Commence benchmarking jobs to more than one survey
- Develop a Demotion definition and policy
- Terminate expending merit funds on performance below the Expected Performance level

An additional item for near term action is the lack of robust promotional guidelines to supervisors indicating criteria warranting a promotion.

Mr. R. Lincoln

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Contract Clause H.22 (a) requires a DOE assessment of Total Compensation. The report indicates that the compensation philosophy is limited to salary administration and should be broadened to a Total Rewards Philosophy covering compensation and benefits. Therefore, DOE will review Total Compensation following this observation/recommendation being addressed.

There should be no presumption of cost allowability as enhancements are made to the Compensation System. In accordance with Contract Clause H.22 (d)(ii), any proposed major compensation program design changes require Contracting Officer approval prior to implementation. If you have any questions, please contact me at extension 3346.

Sincerely,



Robert P. Gordon, Director
Business Management Division
Contracting Officer

Enclosure:

Letter from R. Kelly, BSA to R. Gordon, SC-BHSO

cc: C. Flowers, SC-CH, w/encl.
K. Papp, SC-CH, w/encl.

R. KELLY - 1/24/11

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managed for the U.S. Department of Energy
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founded by Stony Brook University and Battelle

www.bnl.gov

October 1, 2010

Robert Gordon, Director
Business Management Division
Brookhaven Group
U.S Department of Energy
Upton, New York 11973

Dear Bob:

Attached is the report titled "Independent Review of BNL's Compensation System" that was just completed by the team of Michelle Bingham of INL, Cory Flowers of DOE Chicago and Marcy Ungar of Battelle. The review was conducted according to the process and schedule that we agreed upon this past May.

I consider this independent review a success. It joined expertise in many areas of compensation and HR to provide extremely valuable insight into BNL's compensation system. I am extremely pleased with the breadth and depth of the review that the team conducted. We plan to use many of the recommendations in the report and will implement an annual adverse impact analysis for compensation in response to the team's one finding.

I consider BSA's primary actions in BNL's compensation system review complete. I present the report to DOE as justification for approval of BNL's compensation system.

Sincerely,



Robert G. Kelly
Manager, Compensation & HRIS

cc: R. Lincoln
M. Bingham
C. Flowers
M. Ungar