DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3000 MARINE CORPS PENTAGON
WASHINGTON, DC 20350-3000

MCO P12000.11A Ch 3
MRG

JUL 12 2011

MARINE CORPS ORDER P12000.11A Ch 3

From: Commandant of the Marine Corps
To: Distribution List

Subj: MARINE CORPS NONAPPROPRIATED FUND PERSONNEL POLICY MANUAL (SHORT TITLE: MARINE CORPS NAF PERSONNEL POLICY MANUAL)

Encl: (1) New page inserts to MCO P12000.11A

1. Situation. To transmit new page inserts to the Manual.

2. Mission. To update the policy on compensation and classification.

3. Execution

a. Remove the cover letter, page iii, pages 3-1 through 3-31, and D-1 through D-23 and replace with corresponding pages in enclosure (1).

b. Eliminate pages I-1 through I-4 of appendix I, and replace with corresponding page I-1 in enclosure (1).

4. Summary of Changes. This change contains a number of amendments. The major modification to this Order are as follows:

a. Chapter 3 - incorporate provisions of compensatory time for nonexempt employees, policy on travel compensatory time, and new policy on Child and Youth positions.

b. Appendix D - incorporate new provisions on Sunday premium pay.

c. Appendix I - eliminated since new policy on travel has been incorporated in chapter 3.

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

5. Filing Instructions. File this change transmittal in front of the original Order.

R. E. MILSTEAD JR
Deputy Commandant for
Manpower & Reserve Affairs

DISTRIBUTION: PCN 1021196203

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Ref:
(a) DOD Instruction 1400.25, "DOD Civilian Personnel Management System," Date by volume
(b) MCO 12301.1B
(c) 5 U.S.C. Chapter 71
(d) DOD 1401.01-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," December 13, 1988
(e) DOD Directive 1400.6, "DOD Civilian Employees in Overseas Areas," February 15, 1980
(f) OPM Operating Manual, "Federal Wage System - Nonappropriated Fund," current edition
(g) Joint Travel Regulations, Volume 2 "Department of Defense Civilian Personnel," current edition
(h) 5 U.S.C. 7901
(i) Deputy Secretary of Defense Memorandum, Policy Guidance for Provision of Medical Care to Department of Defense Civilian Employees Injured or Wounded while forward Deployed in Support of Hostilities of 24 Sep 07
(j) Assistant Secretary of Defense (Health Affairs) Memorandum, Policy for Billing for Care Furnished by Military Treatment Facilities to Federal Employees for On-the-Job Injuries and for Occupational Health of 26 Mar 08
(k) DON Memorandum, Designation of Nonappropriated Fund (NAF) Employees as Eligible for Military Treatment Facility (MTF) Care of 25 Nov 08 (NOTAL)
(l) 5 U.S.C. 6305
(m) 5 CFR 630 Subpart F
(n) SECNAVINST 12410.24-Cancelled
(o) MCO 12410.24
(p) MCO P1700.27B
(q) 5 U.S.C. Chapter 53

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

(r) 5 CFR Part 532
(s) DOD Instruction 5120.39, "DOD Wage Fixing Authority - Appropriated Fund and Nonappropriated Fund Compensation Programs," September 10, 2008
(t) 10 U.S.C. 1791-1800
(u) DOD Instruction 6060.2, "Child Development Programs (CDPs)," January 19, 1993
(v) 29 U.S.C. Chapter 8
(w) DOD 7000.14-R, "DOD Financial Management Regulation," Date by volume
(x) 5 U.S.C. 5514
(y) 5 U.S.C. 5531
(z) 5 U.S.C. 5533
(aa) 5 CFR Part 550
(ab) 5 CFR Part 531
(ac) 5 U.S.C. 8331
(ad) 5 U.S.C. 5753
(ae) 5 U.S.C. 5754
(af) 5 CFR Part 575
(ag) 5 CFR Part 551
(ah) 38 U.S.C. 4303
(ai) 5 CFR 353.102
(aj) 5 U.S.C. Chapter 81
(ak) 5 U.S.C. 5550b
(al) 5 U.S.C. 5595
(am) 10 U.S.C. 1587
(an) DOD Instruction 6060.4, "Department of Defense (DOD) Youth Programs (YPs)," August 23, 2004
(ao) DOD Instruction 6060.3, "School-Age Care (SAC) Program," December 19, 1996
(ap) 5 U.S.C. 3109
(aq) 5 U.S.C. 5544
(ar) 5 U.S.C. Chapter 61, Subchapter II
(as) 42 U.S.C. 659
(at) 5 U.S.C. 5520a
(au) 5 CFR Part 581
(av) 5 CFR Part 582
(aw) E.O. 11137 Part II
(ax) OPM Job Grading Standards for Trades, Craft, and Labor Positions
(ay) Comptroller General Decision B-205372, 23 Jul 82
(az) Comptroller General Decision B-164371, 28 May 80
(ba) 5 CFR Part 536
(bb) SECNAV M-5210.1

1. Situation. This Order provides policy for the nonappropriated personnel, and incorporates provisions from references (a) through (bb).

2. Mission. To notify all NAF personnel of the modification of MCO P12000.11A w/Ch 1 & 2.

3. Execution

a. Commander's Intent and Concept of Operations

(1) Commander's Intent. This Order is a modification to MCO P12000.11A w/Ch 1 & 2. It incorporates new provisions on compensatory time for nonexempt employees, policy on travel compensatory time, Child and Youth positions, and Sunday premium pay, among others.

(2) Concept of Operations. Every Commander, Head of local NAFIs, and NAF Human Resources Office shall ensure compliance of their NAF activities with this Order.

b. Subordinate Element Missions. Commanders, Heads of local NAFIs, and NAF Human Resources Offices shall ensure that all managers and employees comply with this Order.

c. Coordinating Instructions. Local nonappropriated fund instrumentalities shall fulfill their obligations under the Federal Service Labor-Management Relations Statute, reference (c), to complete any requirements for collective bargaining prior to implementation.

4. Administration and Logistics

a. This Order is published electronically and can be accessed on-line via the Marine Corps homepage at http://www.marines.mil.

b. Records created as a result of this directive shall include records management requirements to ensure the proper maintenance and use of records, regardless of format or medium, to promote accessibility and authorized retention per the approved records schedule and reference (bb).

5. Command and Signal

a. Command. This Order is applicable to NAF employees.

DEPARTMENT OF THE NAVY
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WASHINGTON, DC 20350-3000

MCO P12000.11A Ch 2
MRG
16 NOV 2010

MARINE CORPS ORDER P12000.11A Ch 2

From: Commandant of the Marine Corps
To: Distribution List

Subj: MARINE CORPS NONAPPROPRIATED FUND PERSONNEL POLICY MANUAL (SHORT TITLE: MARINE CORPS NAF PERSONNEL POLICY MANUAL)

Ref: (a) DOD Instruction 1400.25, "DOD Civilian Personnel Management System," Date by volume
(b) MCO 12301.1B
(c) 5 U.S.C. Ch. 71
(d) DOD 1401.01-M, "Personnel Policy Manual for Nonappropriated Fund Instrumentalities," October 1, 1981
(e) DOD Directive 1400.6, "DOD Civilian Employees in Overseas Areas," February 15, 1980
(f) OPM Operating Manual, "Federal Wage System - Nonappropriated Fund," current edition
(g) Joint Travel Regulations, Volume 2 "Department of Defense Civilian Personnel," current edition
(h) 5 U.S.C. 7901
(i) Deputy Secretary of Defense Memorandum, Policy Guidance for Provision of Medical Care to Department of Defense Civilian Employees Injured or Wounded while forward Deployed in Support of Hostilities of 24 Sep 07
(j) Assistant Secretary of Defense (Health Affairs) Memorandum, Policy for Billing for Care Furnished by Military Treatment Facilities to Federal Employees for On-the-Job Injuries and for Occupational Health of 26 Mar 08
(k) DON Memorandum, Designation of Nonappropriated Fund (NAF) Employees as Eligible for Military Treatment Facility (MTF) Care of 25 Nov 08 (NOTAL)
(l) 5 U.S.C. 6305
(m) 5 CFR 630 Subpart F
(n) SECNAVINST 12410.24
(o) MCO 12410.24
(p) MCO P1700.27B

Encl: (1) New page inserts to MCO P12000.11A

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

1. Situation. To transmit new page inserts to the basic Order.

2. Mission

a. To include in chapter 7 provisions from volume 1405 of reference (a), and to provide policy on payment of post allowance to locally hired employees as required by this reference. Further, to include new provisions for nonappropriated fund (NAF) employees (superseding the policy in reference (b) on overseas tours for NAF employees), and provide for a review process for those employees denied overseas tour extensions. Made minor additional changes.

b. To eliminate from appendix J the section on processing training requests sponsored by DC, M&RA (MR), as this is procedural in nature and better covered in the Annual MCCS Training Catalog available through DC, M&RA (MRG). Made minor additional changes.

3. Execution

a. Remove pages 7-1 through 7-9 and replace with pages 7-1 through 7-11 of the enclosure.

b. Remove pages J-1 through J-3 and replace with pages J-1 through J-2 of the enclosure.

c. Local nonappropriated fund instrumentalities shall fulfill their obligations under the Federal Service Labor-Management Relations Statute, reference (c), to complete any requirements for collective bargaining prior to implementation.

4. Filing Instructions. File this change transmittal in front of change 1 to the original Order.

S. E. MURRAY
Deputy Commandant for
Manpower & Reserve Affairs
Acting

DISTRIBUTION: PCN 10211960202

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MCO P12000.11A Ch 1
MRG
27 OCT 2009

MARINE CORPS ORDER P12000.11A Ch 1

From: Commandant of the Marine Corps
To: Distribution List

Subj: MARINE CORPS NONAPPROPRIATED FUND PERSONNEL POLICY MANUAL
(SHORT TITLE: MARINE CORPS NAF PERSONNEL POLICY MANUAL)

Ref: (a) CMC ltr 12000 MR dtd 11 Feb 07 (NOTAL)
(b) 5 U.S.C. Ch. 71

Encl: (1) New page insert to MCO P12000.11A

1. Situation. To transmit a new page insert to the Manual.

2. Mission

a. Incentive and performance awards for NAF employees are authorized per appendix E of this Order. Paragraph 1. of this appendix, as amended by reference (a), establishes the current cash limit for incentive and performance awards at $10,000.

b. This limit is being changed to authorize a combined limit for cash awards (incentive and performance) for NAF employees of 10% of their annual salary.

3. Execution

a. Remove page E-1 and replace it with the corresponding page in enclosure (1).

b. Local nonappropriated fund instrumentalities shall fulfill their obligations under the Federal Service Labor-Management Relations Statue, reference (b), to complete any requirements for collective bargaining prior to implementation.

4. Summary of Changes. Appendix E, as amended by reference (a), established an Incentive Awards Program for NAF employees at a maximum $10,000 limit per employee per NAF Fiscal Year for incentive and performance awards. To be comparable to other NAF services and NSPS incentive/pay policies, the maximum award limit established in appendix E, is revised to be based on a percentage of the annual salary versus a finite dollar amount.

DISTRIBUTION STATEMENT A: Approved for public release; distribution is unlimited.

5. Filing Instructions. File this change transmittal in front of the basic Order of the Manual.

R. S. COLEMAN
Deputy Commandant for
Manpower & Reserve Affairs

Distribution: PCN 10211960201

LOCATOR SHEET

Subj: MARINE CORPS NAF PERSONNEL POLICY MANUAL

Location: _____
(Indicate the location(s) of the copy(ies) of this Manual.)

RECORD OF CHANGES

Log completed change action as indicated.

Change Number	Date of Change	Date Entered	Signature of Person Entering the Change

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INTRODUCTION

0001. The Marine Corps depends on the programs and services provided by Marine Corps Community Services (MCCS) to make a difference in the quality of life enjoyed by our Marines, Sailors and their families. Quality of life sustainment and enhancement directly contribute to Marine Corps readiness and mission accomplishment.

0002. Highly trained and motivated Non-Appropriated Fund (NAF) employees are vital to the success of MCCS. The policies contained in this manual are designed to help Commanders and their NAF managers recruit, train, competitively compensate and empower the best men and women in each field to achieve success, serve our Marines and sustain the force into the 21st century. This manual provides a sound, standardized procedural basis to effectively and fairly manage NAF employees.

0003. Specifically, the first two chapters describe the tools necessary to recruit, hire, and manage employees to best fit command needs. Appendices associated with these chapters provide detailed guidance on performance evaluation and portability of benefits for NAF employees.

0004. Competitive compensation and leave systems are essential to attract and retain motivated employees. The NAF employee compensation and leave system is described in chapters 3 and 4. Among the important information contained in these chapters is guidance on rules and regulations pertaining to pay, dual compensation, severance and family medical and family friendly leave.

0005. Within the NAF system, there are over 10,000 employees, many of whom are represented by unions. Chapter 5 provides policy guidance on dealing effectively with employee grievance and disciplinary issues, as well as, labor management relations and business based actions.

0006. As with compensation and leave, a comprehensive, attractive benefits program is necessary to ensure that we recruit and retain our best people. Our employee benefit program, to include 401(K), retirement, health and life insurance is thoroughly outlined in the later chapters and appendices of this manual.

0007. In summary, the personnel policies contained in this manual are progressive, time tested, best industry practices. They empower Commanders and NAF managers with the means to optimize their personnel resources.

CHAPTER 1

GENERAL

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CHAPTER I

GENERAL

1000. POLICY

1. General. To provide detailed personnel administrative procedures consistent and in conformance with the principles and authorities contained in applicable laws, executive orders, DoD, and SECNAV Instructions for the overall administration and utilization of employees of Marine Corps Nonappropriated Fund Instrumentalities (NAFI's). The purposes to be served by these policies are to:

a. Ensure that NAF employees are treated equitably and fairly.

b. Provide the basis for achieving a desired degree of uniformity among Marine Corps NAFI's in the management of their personnel.

c. Recognize and provide a basis for dealing with labor organizations.

d. Promote those practices and processes that will facilitate obtaining, developing, and retaining a NAF work force of well-qualified individuals.

e. Achieve optimum use of available manpower resources.

f. Develop and maintain personnel programs that serve to preserve NAFI operational and financial integrity.

2. Specific. Appropriated fund (APF) civilian personnel offices may provide technical advice and counsel on an ad hoc basis, as required by NAFI's without reimbursement. Day-to-day personnel administration and supervision is prohibited, except as authorized in writing, by the CMC (MR). If a waiver is approved, any expenditure of more than $500 of APF in direct labor costs will be reimbursed at 113.9 percent of direct labor costs.

1001. RESPONSIBILITIES

1. The Commandant of the Marine Corps is responsible for all personnel policy matters related to nonappropriated fund employees.

2. The Commandant of the Marine Corps (MR) shall:

a. Maintain this Manual in coordination with appropriate authorities and publish necessary revisions and changes.

b. Maintain technical oversight of policies and programs set forth in this Manual, ensuring consistent implementation, interpretation, and continuous application throughout the Marine Corps.

c. Exercise such authorities as are specified in this Manual.

d. Review and comment on all NAF civilian personnel policy issues.

3. The Commandant of the Marine Corps (MP) shall maintain administrative oversight of nonappropriated fund personnel policy by:

a. Adjudicating adverse action and classification appeals.

b. Administering the nonappropriated fund Personnel Management Evaluation program.

c. Serving as primary liaison with the Secretary of the Navy on all civilian personnel matters (appropriated and nonappropriated) and ensuring compliance with sound personnel management principles through coordination with CMC (MR).

4. Assistant Chiefs of Staff, Marine Corps Community Services, acting for Installation Commanders, are responsible for supervision and control over the MCCS NAF civilian personnel office.

5. Where this Manual has delegated authority to the head of the local NAFI and allowed further delegation, those delegations will be in writing (i.e., authority to effect disciplinary actions, classification authority, etc.)

1002. LEGAL STATUS OF CIVILIAN EMPLOYEES OF NAFI

1. NAFI employees are Federal employees within the DoD.

2. Section 2105(c)of Title 5, U.S.C., provides that: "An employee paid from nonappropriated funds of the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ship's Stores Ashore, Navy exchanges, Marine Corps exchanges, Coast Guard exchanges, and other instrumentalities of the United States under the jurisdiction of the armed forces conducted for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Armed Forces is deemed not an employee for the purpose of:

a. Laws administered by the Office of Personnel Management other than the following: 1) subchapter IV of chapter 53 which addresses prevailing rate pay systems; 2) section 5550 of Title 5, U. S. C., which discusses NAF employee pay for Sunday and overtime work; 3) Section 7204 of Title 5, U. S. C. which discusses certain areas of EEO; or

b. Subchapter I of chapter 81 that discusses compensation of work injuries and section 7902 of Title 5, U. S. C., which addresses safety programs. This subsection does not affect the status of these nonappropriated fund activities as Federal instrumentalities."

3. Subchapter IV of chapter 53 of Title 5, United States Code, as amended by Public Law 92-392, provides for a pay system under which the rates of pay of prevailing rate employees are fixed, and adjusted from time to time as nearly as is consistent with the public interest under prevailing rates.

4. The acts quoted above remove NAFI employees from the provisions of laws or regulations administered by the U.S.

Office of Personnel Management (OPM), except Equal Employment Opportunity (EEO) and wage fixing for prevailing rate employees covered under the provisions of Public Law 92-392 and except for application of the Fair Labor Standards Act (as amended by Public Law 93-259).

5. NAFI personnel policy is governed or guided by DoD directives, instructions, manuals, executive orders, public laws, OPM issuances, DoD circulars, and other regulations.

1003. NEW OR REVISED PROGRAMS

1. The provisions of this Manual shall not be construed as limiting NAFIs in the continuance, development, implementation, and administration of personnel policies deemed appropriate to the establishment and maintenance of sound, progressive career development, and management programs. Such programs must, however, meet the basic objectives of policies set forth in this chapter.

2. New programs or revisions to existing programs that increase the levels of NAF employee compensatory benefits and allowances so that they exceed those authorized in this Manual will be subject to approval, prior to implementation, by the CMC (MR) upon recommendation of the appropriate head of the local NAFI.

3. Commands are encouraged to carry out research and demonstration projects that test new approaches to personnel management. Such projects require prior approval of the CMC (MR) and consultation with employees or consultation and negotiation with unions when negotiated agreements exist. The CMC (MR) may waive personnel policies in the conduct of projects, provided such waivers do not violate laws, rules, or regulations relating to political activities or equal employment opportunity, leave, insurance, annuity provisions, merit system principles, or prohibited personnel practices.

CHAPTER 2

EMPLOYMENT AND PLACEMENT

SECTION 1: EMPLOYMENT

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SECTION 2

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CHAPTER 2

EMPLOYMENT AND PLACEMENT

SECTION 1: EMPLOYMENT

2100. GENERAL POLICY. A/CS MCCS, MCCS Directors and Heads of local NAFI's shall ensure that the recruitment, selection, placement, promotion, termination and other related personnel actions involving NAF employees are in consonance with fair employment practices and equal opportunity and treatment for both applicants and employees.

2101. CATEGORIES OF EMPLOYEES. Each local NAFI shall categorize its NAF employees within one of the following categories:

1. Regular Employees

a. Regular full-time (RFT) employees are those hired for continuing positions with a regularly scheduled workweek of 35 hours or more.

b. Regular part-time (RPT) employees are those hired for continuing positions for a minimum of 20 hours per week but fewer than 35 hours per week on a regularly scheduled basis.

2. Flexible Employees. Flexible employees serve in either continuing or temporary positions up to 40 hours per week on either a scheduled or as-needed basis. Flexible employees are not eligible to participate in benefits programs, nor are they entitled to earn sick or annual leave.

2102. EQUAL EMPLOYMENT OPPORTUNITY (EEO)

1. In accordance with MCO 12713.5, heads of local NAFI's shall establish, maintain, and carry out a continuing EEO and affirmative action program designed to promote equal employment opportunity in every aspect of personnel policy and practice in the employment, development, advancement, and

treatment of their NAF employees. This includes aliens employed in the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

2. Provisions of paragraph 1000.2 of this Manual apply to the utilization of appropriated fund EEO personnel. Instructions on the processing and reporting of discrimination complaints will be provided to employees at their local command.

3. Where feasible, heads of local NAFI's should designate personnel to perform specific EEO duties, discrimination complaint processing, and reports (i.e., the annual collection of work force profiles for employees, is an example of one of the specific EEO duties). Otherwise, local NAF activities should participate in the local command affirmative action plan and utilize the local command EEO personnel.

4. Heads of local NAFI's shall also:

a. Provide sufficient resources to administer its EEO program within the local NAFI in a positive and effective manner.

b. Conduct a continuing campaign to eradicate every form of prejudice or arbitrary discrimination based on race, color, religion, sex, age, national origin, or handicapped condition, from personnel policies, practices, and working conditions to include taking appropriate action against employees who display prejudice or who arbitrarily discriminate.

c. Communicate this policy to appropriate sources of job candidates and solicit their recruitment assistance on a continuing basis.

d. Consistent with the organization of the NAFI and the scope of available advancement opportunities, establish an Upward Mobility Program for NAF employees. The program will provide the maximum feasible opportunity for employees to enhance their potential through on-the-job training, job re-engineering, and other development measures so that they

may perform at their highest potential and advance in accordance with their capabilities.

e. Provide orientation, training, and guidance to managers and supervisors to ensure their understanding and implementation of the EEO program.

f. Provide for participation at the local community level with other employers, schools, universities, and public and private groups in cooperative action to improve employment opportunities and community conditions that affect employability.

g. Provide for counseling employees and applicants who believe they have been discriminated against and who seek redress.

h. Provide for the prompt, fair, and impartial consideration and disposition of complaints involving issues of employment discrimination.

i. Establish a system for periodically evaluating the effectiveness of the overall equal employment opportunity effort.

2103. AFFIRMATIVE ACTION FOR HIRING, PLACEMENT, AND ADVANCEMENT OF HANDICAPPED INDIVIDUALS

1. Heads of local NAFI's shall give full consideration to employment of handicapped individuals in all NAF activities. They shall ensure implementation of all required laws, executive orders, rules, and regulations, including applicable regulations of the Equal Employment Opportunity Commission and the Office of Personnel Management. In meeting these requirements, heads of local NAFI's shall ensure that qualified handicapped individuals, including current employees who became disabled after appointment, have equitable opportunity to be hired, placed, and advanced in NAF jobs.

2. Heads of local NAFI's are authorized and encouraged to adopt any published civil service provisions for hiring handicapped individuals as a guide to further develop

policies and programs that will foster the effort to promote and expand employment opportunities for handicapped individuals so that their skills may be utilized, including the use of reasonable accommodation that meet the needs of individual disabled persons.

3. Affirmative action is to be an integral part of ongoing civilian personnel management programs. Persons with disabilities should be employed in a broad range of grade levels and occupational series commensurate with their qualifications. Policies should not unnecessarily exclude or limit persons with disabilities because of job structure or design or because of architectural, transportation, communication, procedural, or attitudinal barriers.

2104. EMPLOYMENT OF RELATIVES

1. The employment, appointment, or promotion of relatives of military and civilian officials who hold administrative positions in which they exercise jurisdiction or control over the employing department, division, or branch of a local NAFI is prohibited; e.g., AC/S MCCS and Deputy’s relatives are prohibited from working for the same MCCS activity.

2. Relatives of Heads of Retail, Food and Hospitality, Services, etc., may be employed in MCCS but not in the same department, division, or branch.

3. To prevent favoritism and collusion or their appearance, members of the same family shall not be assigned to, or employed in, positions where any supervisory relationship exists, allowing favored treatment to occur. Further, such officials may not advocate a relative's appointment, employment, promotion, or advancement anywhere within the DoD. This policy is consistent with provisions of 5 U.S.C. 3110 and 5 CFR Part 310. The policy does not prohibit the exercise of reemployment rights after military service as provided by the Military Selective Service Act of 1967, as amended.

4. For purposes of interpretation "relative" includes: father, mother, son, daughter, brother, sister, uncle, aunt,
first cousin, nephew, niece, husband, wife, father-in-law,

mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister.

5. In the event of emergencies resulting from natural disasters or similar unforeseen events or circumstances, temporary employment of individuals whose employment would otherwise be prohibited by this policy is authorized.

2105. EMPLOYMENT OF MINORS. Heads of local NAFI's may authorize the employment of minors, ages 14 and 15. The employment of persons under 18 years of age shall be per the following:

1. The Fair Labor Standards Act in that such persons may not be employed in or assigned to positions that are hazardous or detrimental to their health.

2. Published State and local labor standards and requirements.

3. These employees will not be assigned to work involving machinery or equipment with exposed moving parts (excluding normal office machines, cash registers, floor waxers, and similar equipment). They may, however, operate NAF or Government-owned motor vehicles, provided that they have a valid state motor vehicle operator's permit and authorization, in writing to use Government-owned or leased motor vehicles.

4. In foreign areas, such employment shall be under summer and student programs and paid under a special summer and student wage schedule.

2106. EMPLOYMENT OF SPOUSES OF MILITARY PERSONNEL (SPOUSE PREFERENCE)

1. DOD instruction 1404.12 dated January 12, 1989 which implements Section 806 of P.L. 99-145, "DoD Authorization Act," November 8, 1985, and Executive Order 12568, October 2,
1986, prescribe improved employment opportunities for spouses of military personnel.

2. Heads of local NAFI’s shall provide employment preference for spouses applying and referred for certain nonappropriated fund positions in all employment categories at grade levels NF-3 and below and positions paid at hourly rates. Heads of local NAFI’s shall establish measures by which job information is reasonably available to spouses seeking employment and establish procedures for verifying preference.

3. Spouses eligible for preference shall be included as part of the minimum area of consideration in the competitive process. Spouse preference shall not apply when it is management’s decision to fill vacancies from incumbents of the same organization, same classification level and same employment category as that of the vacant position. A spouse eligible for preference shall request consideration by submission of an appropriate application form to the NAF personnel office where consideration is desired. Spouse preference shall be limited to the specific position(s) for which application is made. Spouse preference shall be applied reciprocally across DoD component lines.

4. A preference eligible spouse shall be placed on a selection list only if he or she is among the best-qualified candidates after a competitive screening process is completed.

5. The CMC (MR) may approve exceptions to selections or length of eligibility of spouse preference. Exceptions shall be rare and based only on compelling hardship to the activity or the applicant.

6. The time period of spouse preference eligibility begins 30 days before the military sponsor's reporting date to the new duty location. It continues during the entire tour unless placement into, or declination of, any offer of a continuing position at any grade level whether or not the eligible spouse has registered for spouse employment preference; whichever takes place first. Heads of local NAFI's may nonselect eligible spouses during the last 6 months of the sponsor's tour. Spouse preference may be exercised once for each permanent relocation of the military sponsor.

7. Eligible spouses shall have preference over transition assistance eligibles and veterans.

2107. TRANSITION ASSISTANCE EMPLOYMENT PREFERENCE

1. P.L. 101-510, "DoD Authorization Act," November 5, 1990, and Assistant Secretary of Defense (Force Management and Personnel) memo of June 7, 1991, provide the basis for
transition assistance benefits including employment preference for involuntarily separating military personnel and their dependents.

2. Heads of local NAFI's shall provide employment preference to separating service members and their dependents applying and referred for nonappropriated fund positions in all employment categories at grade levels NF-3 and below and equivalent positions.

3. Transition assistance eligibles for preference shall be included as part of the minimum area of consideration in the competitive process. A transition assistance eligible for preference shall request consideration by submission of an appropriate application and the uniform services identification and privilege card to the NAF personnel office where consideration is desired. Transition assistance employment preference shall be limited to the specific position(s) for which application is made. Heads of local NAFI's shall establish procedures for verifying preference.

4. Heads of local NAFI's shall establish measures by which job information is reasonably available to transition assistance eligibles seeking employment.

5. A transition assistance employment preference eligible shall be placed on a selection list only if he or she is among the best qualified candidates after a competitive screening process is completed. Transition assistance preference eligible candidates shall be included
as part of the minimum area of consideration in the competitive process.

6. The time period of transition assistance employment preference eligibility begins the date an eligible

involuntarily separated individual receives their DD Form 1173, "Uniformed Services Identification and Privilege Card". The DD 1173 will be used by the transition assistance eligible to claim preference.

7. A person may receive preference in hiring only once. Transition hiring preference eligibility is terminated upon placement in or declination of (whichever occurs first) a NAF position for which application is made.

2108. EMPLOYMENT OF VETERANS

1. Provided they are equally qualified for the vacant position and the discharge from the U.S. military was not less than "under honorable conditions," preference at the time of hire only, will be given to veterans whose active duty was:

a. During wartime;

b. During the period of 28 April 1952 through 1 July 1955;

c. For more than 180 consecutive days, other than for training, during the period of 1 February 1955 through 14 October 1976; or

d. In a campaign or expedition for which a campaign or expedition badge is authorized.

NOTE: A person who originally enlisted after 7 September 1980, and who has served in a campaign, must either be a disabled veteran or have served for a minimum of 2 years (or the period for which they were called or ordered to active duty) in order to receive preference.

2. Evidence of Veteran Status. Official documents issued by the Uniformed Services or the Veterans Administration are required to establish: compliance with the requirements for active duty and for separation under honorable conditions, and the following facts, when they are needed:

a. That active duty was in a war; or in the period 28 April 1952 through 1 July 1955; or more than 180 consecutive days, other than for training, during the period beginning 1 February 1955, and ending 14 October 1976; or in a campaign or expedition for which a campaign badge is authorized.

b. Existence of a service-connected disability or receipt of compensation, pension, or disability retirement; and

c. Death of eligible uniformed service member in the line of duty in those cases where preference is claimed by the spouse or the parent.

2109. HIRING FORMER MEMBERS OF THE UNIFORMED SERVICES WHILE IN A TERMINAL LEAVE STATUS. Per 5 USC 5534a, a member of a uniformed service who had performed active service and who is on terminal leave pending separation from, or release from active duty in, that service under honorable conditions may accept a civilian office or position in the Government of the United States, its territories or possessions, or the District of Columbia, and he/she is entitled to receive the pay of that office or position in addition to the pay and allowances from the uniformed service for the unexpired portion of the terminal leave. Requests to hire retired members within 180 days of retirement are subject to provisions of paragraph 2110 below.

2110. EMPLOYMENT OF RETIRED U.S. MILITARY PERSONNEL

1. Definitions. For the purpose of this section, the following terms are defined:

a. Armed Forces. The Army, Navy, Air Force, Marine Corps, and Coast Guard.

b. Retired Member of the Armed Forces. A member or a former member of any of the Armed Forces, who is entitled to retired, retirement, or retainer pay.

c. Position. A civilian office or position (including

part-time or flex), to be filled with or without compensation, under appointment or personal services contract from appropriated or nonappropriated funds.

2. Retired members of the Armed Forces shall be accorded the same rights and considerations as all other applicants for civilian employment at the local NAFI level.

3. Heads of local NAFI's have a special obligation to assure that consideration for positions is extended to all candidates on an equitable basis in strict compliance with the spirit and fundamental considerations of merit and open competition. Before offering employment to a retired member of the Armed Forces within 180 days following retirement, prior approval must be obtained from the CMC (MR).

4. Employment of retired members of the Armed Forces to any NAF position during the 180 days immediately following retirement, must be accomplished under the provisions of Section VI of DoD Directive 1402.1, contained herein, except that a waiver is not required if the retiree was employed in a NAFI position prior to retirement and employment is to continue in the same NAFI position without a change to the category of employment.

5. All requests for approval of a waiver of the 180 day waiting period shall be submitted in letter form with these documents and statements:

a. The date of retirement from the Armed Forces.

b. Rank at time of retirement.

c. Pay grade and branch of service at time of retirement; and whether regular or nonregular.

d. A current application completed by the proposed appointee and applications of all highly qualified candidates

e. Date the position was established.

f. Date the position was last occupied.

g. Whether the position was converted from military to civilian status.

h. Date of conversion, if applicable

i. Reason for conversion, if applicable

j. Whether the proposed appointee was the last military occupant.

k. A current position description

l. Whether the position is regular full time, regular part time, or flexible

m. A statement of the qualifications required to perform the duties of the position

n. Whether efforts to fill the position have been continuous since it became vacant; if not, the reason therefore

o. A copy of notices and advertisements used to publicize the vacancy

p. Documentation on how the proposed appointee is superior to all qualified candidates considered

q. A statement that methods used in soliciting applications for positions and sources utilized in developing a supply of applicants for employment consideration (i.e., internal posting, advertising, employment services, priority Consideration Placement Lists, etc). complied with placement procedures and assured other persons equal opportunity to apply and receive consideration for the position. If this is not the case, explain the reasons.

r. A specific statement certifying that the position was not held open pending retirement of the proposed appointee

6. The following shall be strictly observed before employing any retired member of the Armed Forces:

a. Vacancies shall be publicized and held open for a sufficient period of time to allow interested candidates an opportunity to apply.

b. Positions shall not be held open pending the retirement of a member of the uniformed services to provide that person with a preferential opportunity to apply for, or be appointed to, the position.

c. If the position was last occupied by a military incumbent, it must be clearly demonstrated that the proposed change to civilian incumbency is to meet a bona fide management need and not for the purpose of affording civilian employment to the proposed appointee.

2111. UTILIZATION OF OFF-DUTY U.S. MILITARY PERSONNEL

1. Subject to the requirements of their active duty commitment, enlisted personnel may be employed in a NAF position as a flexible employee.

2. No NAF monies may be disbursed for payment of personal services to any military personnel, except as authorized in paragraph 2110.1, c.

3. Specifically precluded is the payment of NAF scheduled pay, bonuses, overtime pay, incentive pay, or any other remuneration for work performed by military personnel, while either on or off-duty, who are not in a regular status, in a NAF position. Time worked in the military assignment shall not be used to determine the pay of enlisted personnel for duties performed in NAF positions.

a. To preclude conflict of interest, enlisted personnel who are assigned to the local NAFI as prime military duty shall not receive preferential treatment in hiring for civilian positions.

b. Compensation for off-duty hours worked shall be identical to that authorized in salary and wage schedules for civilian employees who perform similar duties and responsibilities.

c. The total number of hours that off-duty enlisted personnel may work in one or more NAFI's shall not exceed 34 hours in any one administrative work-week.

4. Active duty commissioned and warrant officers are prohibited from receiving compensation in any form from NAF except on an intermittent fee basis for services rendered in such capacities as officials at athletic events and participation in miscellaneous recreational and entertainment activities as approved by the local command. Off-duty enlisted personnel may also be compensated for services rendered during these events on an intermittent fee basis.

2112. REINSTATEMENT

1. Regular employees who are separated voluntarily or involuntarily, other than for cause, may be reinstated by any DOD NAFI at any time after the date of their separation. Except for the benefit entitlements under the provisions of Chapter 6 of this Manual, such personnel shall be considered to have been in a leave-without-pay status with rights, privileges, and benefits accruing as set forth in this Manual.

2. An individual suspended or removed for reasons of national security may be restored to duty in a NAFI at the discretion of the Head of the local NAFI.

2113. TRANSFERS AND TRANSFER OF FUNCTION

1. Transfers. The movement of a DOD NAFI employee from one NAFI to another NAFI, without a break in service, while remaining in the same classification. A transfer must occur without a break in service of more than 1 workday.

a. Transfers will be effected by closing the employee's Official Personnel Folder (OPF), by including a final performance evaluation and documentation noting the employee's total service, current rate of pay, current rate of annual leave accrual, and the total sick leave balance as of the effective date of transfer.2113

b. The employee's OPF will be forwarded via certified

mail to the gaining NAFI with return receipt requested.

2. Transfer of Function. A transfer of function is the transfer of responsibility for the performance of a continuing function from one competitive area and its addition to one or more other competitive areas, except when the function involved is virtually identical to the functions performed in the other competitive areas affected. An employee has no right to transfer with his or her function regardless of his or her personal preference, unless the alternative is separation or downgrading.

a. To provide equity and employment continuity, each regular NAF employee whose position is identified in a functional transfer, and who has the right to transfer, will be afforded the opportunity to transfer with his or her position.

b. If the functional transfer results in a business based action (BBA) in the gaining NAFI, the qualified employee who will accept employment will compete with other employees for selection in the gaining NAFI with full credit for all prior regular NAF service within DoD.

3. A regular non-probationary employee who is hired by a different NAFI within 6 months after separation, because of BBA, will be considered to have transferred to the gaining
NAFI only for purposes outlined in paragraphs 2113.4, 2113.5,nd 2113.6.

4. An employee who has transferred from one NAF activity to another NAFI within DoD will be given service credit in the gaining NAFI for his or her prior DoD NAF employment in accordance with the provisions of this Manual.

5. All accumulated sick leave hours shall be transferred by the losing NAFI to the gaining NAFI, provided the individual is placed in a pay status in the gaining NAFI within 6 months. No transfer of funds, however, shall be made from losing to gaining NAFI for sick leave hours transferred. The gaining NAFI will assume the financial obligation.

6. When a RFT DoD NAF employee participating in a NAF group insurance and retirement plan is transferred due to transfer

of function, or is hired by a different NAFI within 90 calendar days of removal from pay status because of a BBA in the losing NAFI, retirement credit and group insurance enrollment should be made available in accordance with the provisions of chapter 6.

7. Upon transfer of a regular employee to another NAFI within DoD, the employee will be paid for the accumulated annual leave credited to his or her account. If the transferred employee elects, and the losing and gaining NAFI's agree, annual leave credit and the funds to cover its cost may be transferred from the losing to the gaining NAFI. The gaining NAFI will credit the total annual leave hours balance.

8. Personal expenses incident to transfer may be authorized and reimbursed by the gaining NAFI provided those expenses have been identified and made a part of the offer of employment to the prospective incumbent. (These expenses are prescribed in the Joint Travel Regulations, Volume 2. A Transportation Agreement (figure 2-1) will be completed and made a part of the employee's OPF.)

9. An employee who refuses an offer of assignment incident to a transfer of function may be separated. Such a separation will be considered a resignation if the assignment is within the commuting area. The separation will be considered an externally induced termination.

2114. MOVEMENT TO NAF EMPLOYMENT FROM OTHER TYPES OF EMPLOYMENT. An employee in a public or private enterprise performing a function for or on behalf of the MCCS, whose function is now to be performed in a NAFI, may be employed by that NAFI to perform that function without competition, if the employee:

a. Meets the citizenship requirement of the geographical area in which employed. 2114

b. Is qualified for the position.

c. Has rendered at least 6 months of service in one or more positions in the previous employing activity immediately before being converted to NAF employment.

d. Is not precluded from NAF employment because of dual compensation, nepotism, conflict of interest, or country-to-country agreement provisions.

2115. BASE CLOSURE AND REALIGNMENT. NAF employees affected workforce reductions as a result of Base Realignment and Closure are eligible for civilian assistance and reemployment Programs. (See Appendix G)

2116. PORTABILITY OF BENEFITS FOR NAF EMPLOYEES. The Portability of Benefits for Nonappropriated Fund Employee Act of 1990 applies to DoD civilian employees who move Between nonappropriated fund and civil service employment systems within DoD without a break in service of 3 calendar days. (See Appendix H)

CHAPTER 2

EMPLOYMENT AND PLACEMENT

SECTION 2: RECRUITMENT, SELECTION, AND PLACEMENT

2200. GENERAL POLICY. Heads of local NAFI's shall establish civilian personnel management procedures which include careful job analysis; preparation of accurate job descriptions; establishment of the qualifications for positions; selection from a broad source of applicants; development of objective selection procedures; and adequate indoctrination and supervision of the individual while on the job.

2201. QUALIFICATION REQUIREMENTS

1. Establishment of realistic qualifications standards and requirements for any NAF position is a management responsibility. Such qualifications shall be written so that competition for a job is not restricted to any one individual. The qualifications of each applicant shall be carefully reviewed and evaluated. The basic principle is to find the best qualified and most suited person for the job being filled. Once qualifications requirements have been determined and placed on an appropriate vacancy announcement, changes to the qualifications requirements are not allowed.

2. Education cannot be used as a screen-in, screen-out requirement for any position unless such requirement has also been designated for similar positions in the Federal Civil Service.

2202. EMPLOYMENT REQUIREMENTS, SUITABILITY CHECKS, AND INVESTIGATIONS

1. Heads of local NAFI's shall ensure that the Merit Staffing program in appendix A is followed to ensure that the most suitable and best qualified persons are employed.

2. Complete and accurate application forms, pre-employment questionnaire, reference checks, and any security or other pre-employment investigations deemed appropriate to the position will be accomplished.

3. Compliance with P.L. 99-603, "Immigration Reform and Control Act of 1986," and Immigration and Naturalization Service Rules necessitated by it, will be followed. This refers to the use of the INS form I-9 which verifies an aliens right to work.

4. Candidates for assignment to positions of trust will be scrutinized. In compliance with DoD 5200.2-R, "DoD Personnel Security Program," individuals in positions of trust as designated below, will have a National Agency Check (NAC) performed. Individuals who do not receive a favorable NAC may not be employed without prior approval of the CMC (MR).

5. NAF positions of trust are:

a. Personnel & Family Readiness Division Director, Deputy Directors, Executive Assistant, Team Leaders, MCCS Counsel

b. Heads of local NAFI's; AC/S MCCS.

c. Deputy directors and division directors.

d. Comptrollers/controllers/heads of accounting.

e. Employees and volunteers working in child development centers and youth activity programs or any position working with children or youth. (A State Agency Check must also be performed)

f. Any other positions designated by the local commander or designee.

6. Heads of local NAFI's will ensure that their personnel office reviews the Supplemental Reference Check system in accordance with MCO 5300.11, for a possible match of any applicant being selected prior to selection to determine if hiring the applicant is warranted.

2203. VETERAN RESTORATION RIGHTS. Veteran restoration Rights after military service are provided to protect the job rights of non-career service people. An employee who enters the military services for a cumulative period of five years has the right to return to their employment in a position equal to the position which was held immediately prior to their military service. A more detailed explanation of restoration rights is located in PL 103-353, the Uniformed Services Employment and Re-employment Rights Act of 1994.

2204. PROBATIONARY PERIOD

1. A probationary period is required for a person appointed to a regular position. This constitutes a trial period in order to determine the employee's effective level of performance and overall fitness and suitability for continued employment

2. All newly appointed regular employees will be subject to a 1-year probationary period. Separation during probation is not a disciplinary action.

3. An additional 1-year probationary period is required for any regular employee upon initial appointment to a supervisory or managerial position. Imposition of the additional probationary period will be in writing. Demotion during a supervisory or managerial probationary period, to a position in the same classification level and pay as held before the supervisory or managerial position, is not a disciplinary action.

4. Exceptions to the probationary period requirement are limited to the appointment of a person who has completed a probationary period and who is appointed either in the same or different Marine Corps NAFI within 6 months after separation from a Marine Corps NAFI without cause, or as the result of a transfer of function from another DoD NAFI.

5. Time spent in a flexible position, which immediately precedes the assignment to a regular position, will be creditable toward completion of the probationary period if

the regular assignment is one involving the same or similar duties.

6. The probationary period may be extended in cases where an employee absence has prevented the supervisor from properly evaluating their qualifications for continued employment. Such extension shall be in writing and limited to a period equal to the duration of the employee's absence.

2205. PERFORMANCE APPRAISALS. The performance of regular employees shall be evaluated fairly and objectively on both a scheduled and continuous basis. Results of the evaluation should be discussed with each individual employee. Performance appraisal will be completed on all regular employees at least annually. Refer to chapter 5, regarding unsatisfactory performance.

2206. EMPLOYEE RECORDS AND FILES

1. Heads of local NAFI's shall ensure that their NAF personnel offices maintain records in compliance with the Fair Labor Standards Act of 1938, as amended. Additionally, adequate records shall be maintained on all employees in Official Personnel Folders. An employee's right to review his or her records and the protection of his or her privacy shall be in accordance with SECNAVINST 5211.5C, Subj: Personal Privacy and Rights of Individuals Regarding Records Pertaining to Themselves.

2. Specific administrative procedures for maintenance of OPF's and required personnel forms are outlined in appendix F of this Manual.

2207. VOLUNTEER SERVICES

1. NAFIs are authorized to accept voluntary services in programs.

2. Volunteers may be used to assist and augment the regularly funded workforce, but they cannot be used to permanently substitute for unfilled positions or to displace

paid NAF employees. Volunteers shall not perform duties: for which there is an unfilled personnel requirement or for which funding has been provided to hire staff or obtain service by contract.

3. An authorized person providing voluntary services shall be considered to be an employee of the federal government for the purposes of compensation for their work related injuries and claims relating to damaged property or losses to others. (Workers' Compensation and Tort Liabilities).

4. For the benefit of the activity and the volunteers, activities must maintain records of each volunteer's scope of duties, volunteer hours, and training provided.

2208. SUPERVISION OF APPROPRIATED FUND EMPLOYEES. There is no legal prohibition within DoD to preclude NAF employees from supervising appropriated fund employees (military or civilian).

TRANSPORTATION AGREEMENT FOR MARINE CORPS MWR NONAPPROPRIATED FUND (NAF) PERMANENT DUTY STATION ASSIGNMENT DATE

NAME: (LAST, FIRST, MI)

SIGNATURE OF DESIGNATED PERSONNEL REPRESENTATIVE

1. The DoD Personnel Policy Manual for Nonappropriated Fund Instrumentalities *(DoD 1401.1-M dated 13 December 1988) provides for, under certain conditions, reimbursement for travel and transportation expenses for the employee and immediate family, movement and storage of household goods and personal effects, and certain other allowances incident to employment at places within and outside the continental United States. Allowances contained in the cited DoD manual shall not be authorized unless the employee agrees in writing to remain in the employing NAFI for a minimum period of 12 months. Accordingly, to establish eligibility for travel and transportation, the following agreement must be executed.

2. I understand and agree that:

a. I will remain an employee of the employing NAFI for at least 12 months beginning with the date I report for duty at my new duty station, unless separated for reasons beyond my control and acceptable to the employing NAFI.

b. If I fail to fulfill the terms of this agreement, or if I am removed for cause before expiration of the required period of service, I will upon demand, repay a sum of money equivalent to that expended for transportation and subsistence of myself and dependents, cost of shipment of my household goods and personal effects, and other related allowances incident to my employment, from beginning point of travel to duty station. I authorize the employing NAFI to withhold any final pay due to me to apply against liquidation of any indebtedness arising from a violation of this agreement.

3. I understand that the period of service specified in this agreement is for the purpose of establishing my eligibility for the travel and transportation allowances, and other related allowances which may be authorized.

SIGNATURE OF EMPLOYEE DATE SIGNED

Figure 2-1 Transportation Agreement

CHAPTER 3

COMPENSATION AND CLASSIFICATION

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CHAPTER 3

COMPENSATION AND CLASSIFICATION

SECTION 1: GENERAL INFORMATION

3100. PAY SYSTEMS

1. Payband Classification and Pay System for White-Collar (Non-Crafts and Trades) NAF Employees. This system covers NAF white-collar employees world-wide except as otherwise indicated in subparagraphs 2. through 5. below. The NAF payband classification and pay system for white-collar employees shall be implemented in accordance with paragraph 3302 of this chapter.

2. Crafts and Trades (CT) Federal Wage System (FWS). Mandatory instructions for implementing the Nonappropriated Fund Instrumentality (NAFI) FWS for CT employees are contained in Office of Personnel Management (OPM) Operating Manual, "Federal Wage System - Nonappropriated Fund," (OPM's Operating Manual), reference (f), which implements subchapter IV of reference (q) and reference (r). Reference (a) (volume 1405, appendix 2 of enclosure 2) and appendix D of this order provides supplemental instructions. Reference (s) defines the authorities and responsibilities of the Wage and Salary Division of the Civilian Personnel Management Service (CPMS) for determining pay for NAF employees.

3. Child and Youth (CY) Payband System. This system covers NAF CY Program Assistants, Leaders, and Technicians. It implements the provisions of reference (t), which requires that child caregivers at military installations be paid wages competitive with those of other Federal employees in the labor pool. It also implements reference (u) to apply comparable requirements to youth program employees. The CY Payband System shall be implemented in accordance with reference (a) (volume 1405, appendix 3 of enclosure 2).

4. Summer and Student Employment of Dependant Youth in Foreign Areas. Youth employed at DoD overseas installations where reference (v), commonly known and hereafter referred to as the "Fair Labor Standards Act (FLSA)"), does not apply, shall be paid in accordance with the rates issued by Wage and Salary Division.

5. Foreign National Pay. Pay for foreign national NAF employees shall be in accordance with volume 1231 of reference (a).

3101. GENERAL POLICY

1. Responsibilities

a. Wage and Salary Division (WSD). The WSD determines rates of pay for employees paid from NAFs and communicate directly with Components concerning any matter where a mutual interest or responsibility exists.

b. The Commandant of the Marine Corps. The CMC (MR) shall develop the policies, regulations, and procedures for the compensation program; implement the program; provide guidance; and evaluate the program for proper administration.

c. Heads of local NAFI's. Heads of local NAFI's shall determine NAF pay categories, position titles, pay plan; maintain current position descriptions (PDs); use proper job grading and classification standards; and apply authorized wage schedules for their NAF employees.

2. Time and Attendance Records. Officially authenticated time and attendance records are required before any payment may be made for pay purposes. A biweekly period is prescribed except where a different pay period is specifically authorized by the CMC (MR).

3. Effective Date of Pay Actions. All adjustments to pay will be effective on the first day of a pay period on or after the date the action is approved by management or unless otherwise specified by the WSD in connection with wage schedule changes.

4. Simultaneous Pay Changes. When an employee becomes eligible for two or more pay actions at the same time, the actions shall be processed in the order that shall benefit the employee the most.

3102. SALARY ADVANCEMENT

1. Salary advancement will only be made for wages already earned before scheduled paydays to meet cases warranting special consideration.

2. Employees relocated to posts in foreign areas may be authorized a lump-sum advance of pay. Such advance will be made in conformance with the procedures used for payment to appropriated fund employees.

3103. PROHIBITION ON PERSONAL SERVICES CONTRACTS. A personal service contract may not be used where an employer and employee relationship results from the performance of work. Such jobs shall be graded and paid under the applicable pay system described in this chapter. Volume 13 of reference (w), lists the common law rules that characterize employment relationships.

3104. GARNISHMENT OF WAGES. NAF employees are subject to the garnishment rules of references (as) and (at). OPM's implementing regulations, reference (au) and (av), apply to Executive Branch employees, including NAF employees. These regulations include the process to follow, as well as the agents designated to accept legal process.

3105. DEBT COLLECTION BY OFFSET. NAF employees are subject to reference (w) and (x). Volumes 5, 8 and 13 of reference (w) identify salary offset rules for debt collection.

3106. PAY LIMITATIONS OR RESTRICTIONS

1. Pay Supplementation. No monetary or non-monetary supplementation of wages shall be provided to or accepted by any NAF employee except as authorized by applicable laws, executive orders, DoD Issuances, volume 1405 of reference (a), or this order.

2. Dual Compensation. The provisions of references (y), (z), and (aa) paragraphs 550.501 through 550.505 pertaining to dual employment are applicable to NAF employees. Civilian personnel shall not be entitled to receive basic compensation from more than one civilian office or position (including temporary, part-time or flexible positions with the Government of the United States, including NAFIs under the jurisdiction of the Armed Forces) for more than a total of 40 hours of work in any 1 calendar week. This also applies to foreign nationals employed and paid by NAFIs.

a. The dual compensation prohibition is on receipt of basic compensation from more than one civilian office and does not affect the receipt of otherwise properly earned overtime compensation for work in one position in excess of the hours required.

b. These provisions do not apply to compensation from more than one office for services rendered under emergency conditions relating to health, safety, protection of life or property, or national emergency. Examples of such conditions are fire, earthquake, flood or other disasters, civil disorder, or threat to the national security. Exceptions to the restrictions on dual employment require prior written approval by the CMC (MR). In order to request an exception, information is required on the following points:

(1) To what extent is the base or activity isolated?

(2) Why normal staffing methods cannot be utilized.

(3) Extent to which off-duty military personnel might be used in a flexible or part-time capacity.

(4) Extent to which dependents might be used.

(5) Any other information that would document the need for an exception.

3. Aggregate Limitation on Pay. Other provisions of this order limit specific elements of compensation. An employee's aggregate compensation, basic pay plus any allowance, differential, bonus, award, or other cash payment, shall not exceed the annual rate payable for Level I of the Executive Schedule as of the end of the calendar year. This aggregate limitation on pay shall be in accordance with reference (ab), subpart B. Paragraph 3302.4.a.(3) of this chapter provides rules for the aggregate limitation of NF-6 pay.

4. Management and administrative personnel are prohibited from sharing the commission, accepting tips, or participating in receipt of distributed service charges as remuneration.

3107. PAYMENT OF TRAVEL AND TRANSPORTATION EXPENSES. When it is clearly in the interest of the NAFI, expenses for essential travel and transportation of employees and their family members shall be allowed in amounts not to exceed those prescribed in reference (g). Application for exceptions shall be made to the CMC (MR) and must be requested in advance. Any such application must specify the reason for the exception, employees or class of employees to be covered, benefits to be gained, and total cost of exception. Travel and transportation shall be paid, when

appropriate, under reference (g), to employees assigned duties associated with area wage surveys.

3108. SEPARATE MAINTENANCE ALLOWANCE (SMA) FOR PCS TRANSFERS. The Head of the local NAFI may authorize payment of SMA to NF employees who transfer nonlocally and who maintain separate households for minor dependent children so that they can finish the school term at the old duty station. The allowance shall be paid for no more than one semester, except that it may be paid for a full school year when the dependent is a high school senior. Maintaining a separate household means any living arrangement at the old duty station where the employee is paying a monthly amount for room and board for the dependents. The allowance shall be in the same amount as those prescribed by the Department of State for overseas employees receiving SMA for dependents living in the Continental United States. Employees stationed in foreign overseas areas may receive SMA for other reasons as prescribed by the Department of State.

3109. RECRUITING BONUSES, RELOCATION BONUSES, AND RETENTION ALLOWANCES

1. General. These bonuses and allowances may be paid to employees not to exceed the basic limitations applicable to APF employees outlined in references (ad) through (af). Restrictions related to the Federal Government or non-Federal Government status of the prospective employee do not apply. These bonuses and allowances are used sparingly, only in very selective situations. They shall not be considered part of an employee's rate of basic pay for any purpose, including calculation of retirement annuity. Recovery of funds, on a pro-rata basis, must be sought when employees fail to complete their required period of service. The amount of a retention allowance should be reduced or terminated when it is determined that a lesser amount or no allowance at all would be sufficient to retain the employee, i.e., labor-market conditions have changed to the extent that recruitment of employees with needed qualifications is possible, the need for the services of the employee has lessened, or budgetary considerations preclude payment. An annual review and recertification of necessity must be made to continue the payment of the retention allowance.

2. Documentation and Record Keeping. As a minimum, Heads of local NAFIs shall record annually the following information:

a. The number of employees accepting recruiting and relocation bonuses and retention allowances

b. The percentage of salary accepted, and the justification for the payment, in each individual case;

c. Any recertification of necessity, in each individual case, to continue the payment of a retention allowance; and

d. A summary statement assessing the effect the bonus and allowance authority had on the activity's ability to recruit and retain quality employees in key positions.

3110. NONFOREIGN AREA ALLOWANCES AND DIFFERENTIALS. A nonforeign allowance may be paid in accordance with the provisions of reference (aw). A nonforeign area allowance or differential established for APF employees is not granted to employees in bands NF-1 and NF-2 as their rates already are based on the prevailing rate, but may be paid to employees in bands NF-3 through NF-6 and in CY bands. The Head of the local NAFI should strive for consistency in a geographical area, internally and among other NAFIs.

3111. FOREIGN AREA ALLOWANCES AND DIFFERENTIALS. Refer to chapter 7 of this order.

CHAPTER 3

COMPENSATION AND CLASSIFICATION

SECTION 2: FLSA, PREMIUM PAY AND SEVERANCE PAY

3200. FAIR LABOR STANDARDS ACT (FLSA)

1. Applicability. The provisions of the FLSA, as administered by OPM, are applicable to all NAF employees, including off-duty military personnel, who are employed in geographical areas covered by the FLSA. OPM's regulations can be found in 5 CFR Part 551, reference (ag). The minimum rate to be paid employees covered by the FLSA may not be less than the current Federal minimum wage or the applicable State or local wage, whichever is higher. All positions must be designated as either "exempt" or "non-exempt". The general rules relative to such designations are as follows:

a. All CY positions and positions classified under paybands NF-1 and NF-2 are non-exempt.

b. Paybands NF-3 and NF-4 may consist of both exempt and non-exempt positions, depending on the characteristics of the individual positions.

c. Paybands NF-5 and NF-6 consist exclusively of exempt positions, as these positions have met one of the criterions identified in subparagraph 2. below.

d. CT positions (except NS) are non-exempt. However, all CT positions, including NS, follow stricter pay guidelines established in OPM's Operating Manual.

e. For provisions on employees in foreign areas refer to paragraph 551.211 of reference (ag).

f. Irregular or occasional overtime performed by an employee on a day for which work was not scheduled for that employee, or for which the employee is required to return to the place of employment, is considered at least two hours in duration for the purpose of determining whether the employee may be entitled to overtime pay, whether or not work is performed.

2. Coverage. Heads of local NAFI's may exempt a NF-3 employee from the provisions of the FLSA by following the criteria

established in paragraphs 551.204 through 551.210 of reference (ag).

3201. TIME SPENT ON STANDBY DUTY OR IN AN ON-CALL STATUS

1. For provisions on CT employees follow subchapter S8-4 of reference (f).

2. NF and CY employees will follow the guidelines of paragraph 551.431 of reference (ag).

a. Standby Duty

(1) An employee is on duty, and time spent on standby duty is hours of work if, for work-related reasons, the employee is restricted by official order to a designated post of duty and is assigned to be in a state of readiness to perform work with limitations on the employee's activities so substantial that the employee cannot use the time effectively for his or her own purposes. A finding that an employee's activities are substantially limited may not be based on the fact that an employee is subject to restrictions necessary to ensure that the employee will be able to perform his or her duties and responsibilities, such as restrictions on alcohol consumption or use of certain medications.

(2) An employee is not considered restricted for ''work-related reasons'' if, for example, the employee remains at the post of duty voluntarily, or if the restriction is a natural result of geographic isolation or the fact that the employee resides on the agency's premises. For example, in the case of an employee assigned to work in a remote wild land area or on a ship, the fact that the employee has limited mobility when relieved from duty would not be a basis for finding that the employee is restricted for work-related reasons.

b. On-Call Status. An employee will be considered off duty and time spent in an on-call status shall not be considered hours of work if:

(1) The employee is allowed to leave a telephone number or to carry an electronic device for the purpose of being contacted, even though the employee is required to remain within a reasonable call-back radius; or

(2) The employee is allowed to make arrangements such that any work which may arise during the on-call period will be performed by another person.

	STANDBY	ON-CALL
Is this time considered hours of work?	Yes	No
How restricted is the employee?	The employee is restricted by official order to a designated post of duty and is assigned to be in a state of readiness to perform work with limitations on the employee's activities so substantial that the employee cannot use the time effectively for his or her own purposes.	The employee is allowed to leave a telephone number or carry an electronic device for the purpose of being contacted, even though the employee is required to remain within a reasonable call-back radius; or The employee is allowed to make arrangements for another employee to perform any work that may arise during the on-call period.

Figure 3-1.--Standby vs. On-Call

3202. OVERTIME. Overtime pay rules vary depending on whether the employee is exempt or nonexempt from FLSA and whether he or she is assigned to a CT or white-collar position (NF or CY). Figure 3-2 references the laws and regulations and provide guidance on overtime pay for NAF Employees.

CATEGORY OF EMPLOYEE	WHERE RULES ARE FOUND	GUIDANCE
Nonexempt Craft & Trade (CT)	• FLSA • 5 U.S.C. 2105(c)(1)(C) • 5 CFR Part 551 • 5 U.S.C. 5543 • 5 U.S.C. Ch 61, subchapter II • OPM's Operating Manual, Federal Wage System - NAF	• Overtime pay for hours worked in excess of 8 per day and 40 per week (5 CFR 551.501(a)). • Paid leave is counted as hours worked (5 CFR 532.503(b)). • Compensatory time off is authorized (5 U.S.C. 5543 and 6123). Compensatory time off must be used by the end of the 26th pay period after that in which it was earned or be paid at the overtime rate at which it was earned if not used within the established time period. • Overtime rate is 150 percent of hourly regular rate (5 CFR 551.511 and 551.512.)

Figure 3-2.--Overtime Pay Rules for NAF Employees

Nonexempt White-Collar (NF and CY)	• FLSA • 5 U.S.C. 2105(c)(1)(C) • 5 U.S.C. 5543(d) • 5 CFR Part 551	• Overtime pay only for hours worked in excess of 40 hours per week (5 CFR 551.501(a)(4)). • Paid leave is NOT counted toward hours worked. (NAF white-collar employees are not employees as defined by section 5 U.S.C. 5541(2); therefore 5 CFR 551.401(b) does not apply.) • Compensatory time off is authorized (5 U.S.C. 5543(d) and 6123). Compensatory time off must be used by the end of the 26th pay period after that in which it was earned or be paid at the overtime rate at which it was earned if not used within the established time period. • Overtime rate is 150 percent of hourly regular rate (5 CFR 551.511 and 551.512).
Exempt CT	• 5 U.S.C. 5544 • 5 CFR 532.503 • OPM's Operating Manual, Federal Wage System - NAF	• OPM rules apply: • Overtime pay for hours worked in excess of 8 per day and 40 per week (5 U.S.C. 5544(a)). • Compensatory time off is authorized (5 U.S.C. 5543(d) and 6123(a)(1)). Compensatory time off must be used by the end of the 26th pay period after that in which it was earned or be paid at the overtime rate at which it was earned if not used within the established time period. • Paid leave is counted as hours worked (5 CFR 532.503(b)). • Overtime rate is 150 percent of basic rate of pay (5 U.S.C. 5544(a)).
Exempt White-Collar (NF)	• DoDI 1400.25-V1405 • No laws or regulations external to DoD.	The DoD Components may grant overtime pay to these employees as follows: DEFINITIONS • Overtime Pay. Pay for officially ordered and approved overtime work. • Overtime Work. Time in a duty status in excess of 40 hours in an administrative workweek. • Duty Status. Time on duty at the workplace, and not on paid leave or otherwise absent from duty. • Administrative Workweek. The 40-hour workweek established for 7 consecutive calendar days for full-time employees. It need not coincide with the calendar week and may begin on any day and at any hour. AUTHORIZED AND APPROVED RULE. No employee identified as an exempt white collar employee may be paid overtime pay or given compensatory time off for work in excess of 40 hours in an administrative workweek unless the overtime work is specifically authorized and approved in advance. The doctrine of compensation for hours permitted or suffered shall not apply. Overtime pay or compensatory time off for administratively uncontrollable overtime work is not authorized.

Figure 3-2.--Overtime Pay Rules for NAF Employees-Continued

		OVERTIME PAY CALCULATION. The overtime rate equals 1.5 times the basic pay rate for hours that exceed 40 in duty status in a workweek, provided the employee's basic rate does not exceed the locality rate for grade GS-10 /1. When it exceeds the locality rate for GS-10/1, the overtime rate equals 1.5 times the rate for grade GS-10/1 or the employee's hourly rate of basic pay, whichever is greater. • Leave with Pay. If an employee is on annual or sick leave, absent on legal holidays, absent on non-workdays established by Executive or administrative order, or absent on compensatory time during the basic workweek, the employee must be in a duty status an equal period or time before any remaining period may be paid for at overtime rates on the basis of exceeding 40 hours in a week. • Nonpaid Absence. A nonpaid absence is not counted as duty status in determining overtime pay. • Night, Sunday, or Holiday Duty. These duty hours are included in the hours of employment in the administrative workweek. COMPENSATORY TIME OFF IN LIEU OF OVERTIME PAY. Compensatory time off may be granted to exempt white-collar employees in lieu of overtime pay for an equal amount of irregular or occasional overtime work. Compensatory time off must be used by the end of the 26th pay period after that in which it was earned.

Figure 3-2.--Overtime Pay Rules for NAF Employees-Continued

1. Overtime for Exempt and Nonexempt CT Employees. Refer to appendix D of this order.

2. Overtime for Nonexempt White-Collar (NF and CY) Employees. Employees identified as non-exempt shall be paid overtime for hours in excess of 40 hours per week. The doctrine of overtime hours "suffered or permitted" to be worked by the employee applies to nonexempt employees. Only hours of work are counted toward the 40 hours in a workweek. Periods of paid leave or holiday leave are not included. If work is performed, whether authorized in advance or not, compensation at 1 1/2 times basic rate must be paid. Non-exempt employees may be authorized compensatory time off in lieu of overtime pay, in accordance with the following guidance.

a. A non-exempt employee may request accrual of compensatory time off in lieu of overtime in writing and shall

not be required by management to accept compensatory time off in lieu of payment for overtime work.

b. The amount of the compensatory time off will equal the amount of time spent in overtime work.

c. Compensatory time off should be used as soon as practicable after it is earned but no later than the end of the twenty-sixth pay period following the pay period in which it is earned. Any unused compensatory time off shall be paid at the overtime rate at which it was earned.

3. Overtime for Exempt White-Collar (NF and CY) Employees. Exempt employees may not be paid overtime or given compensatory time off for work in excess of 40 hours in an administrative workweek unless the overtime or compensatory time off is specifically ordered and approved, in writing, in advance. In certain unusual instances, the authorizing supervisor may approve overtime worked by an exempt employee after the fact. The doctrine of overtime hours "suffered or permitted" does not apply. An exempt employee is not required to receive overtime pay or compensatory time off.

a. Overtime Hourly Rate

(1) For employees with rates of basic pay equal to or less than the locality rate for grade GS-10, step 1, the overtime hourly rate is the employee's hourly rate of basic pay multiplied by 1.5.

(2) For employees with rates of basic pay greater than the locality pay for grade GS-10, step 1, the overtime hourly rate is the greater of:

(a) the hourly rate of basic pay for GS-10, step 1, multiplied by 1.5, or

(b) the employee's hourly rate of basic pay.

b. Compensatory time off may be granted to an exempt employee at the discretion of management. The amount of compensatory time off that may be granted shall be equal to the time spent in overtime work, i.e., one hour of compensatory time off shall be granted for each hour of work in excess of 40 hours. Management may require that an exempt employee in classification level NF-4 and above be given only compensatory time off. Management may also limit the amount of compensatory

time an exempt employee may accumulate. Exempt employees will not be permitted to accumulate more than 80 hours of compensatory time without the written approval of the Head of the local NAFI. Compensatory time should be used during the same pay period it is worked, or within a reasonable period thereafter; however, it will be available for a period of not more than 26 pay periods. If not used, after 26 pay periods, the employee shall be paid for the hours worked, using the basic rate of pay of the employee, at the time the compensatory time was earned, for the overtime hourly rate calculations of the previous paragraph.

3203. NIGHT, SUNDAY, AND HOLIDAY PAY. Since FLSA does not cover night, Sunday, or holiday pay, the exempt or nonexempt status is not a factor in determining such pay. The prevailing rate law covering CT employees, subchapter IV of reference (q), does cover this pay. Therefore, there are two categories of employee for purposes of applying rules for night, Sunday, and holiday pay:

1. CT Employees. Refer to appendix D of this order for guidance on payment of night, Sunday and holiday pay.

2. White-Collar (NF and CY) Employees. Components may grant night, Sunday, and holiday pay for white-collar employees based on the guidance below. Payments may be less, but may not exceed, payments under reference (aa).

3. Night Shift Differential for White-Collar (NF and CY) Employees. Night shift differential may be paid when management determines that such differential is the prevailing practice in the local wage area and that such pay is necessary for recruitment and retention purposes. Night shift differential may be authorized for both exempt and nonexempt employees. Payment may be less, but may not exceed, payments under reference (aa).

4. Holiday Pay for White-Collar (NF and CY) Employees. Pay for holidays may be authorized when management determines that such pay is the prevailing practice in the local wage area and that such pay is necessary for recruitment and retention purposes. If pay for holiday is authorized, the following apply:

a. Pay for holidays when employees are excused from work.

(1) A regular full-time regular part-time or flexible employee with a regular schedule, shall be entitled to the basic

rate of pay for regularly scheduled non-overtime hours as if he or she had worked.

(2) A flexible employee without a regular schedule (on-call) is not entitled to holiday pay.

b. Pay for work performed on a holiday may be less, but may not exceed, payments under reference (aa).

c. To be eligible for holiday pay, an employee must be in a pay status or paid time off status on their scheduled workday either before or after a holiday in order to be entitled to their regular pay for that day. Employees who are in a non-pay status for the workdays immediately before and after a holiday may not receive compensation pay for that holiday.

5. Sunday Premium Pay for White-Collar (NF and CY) Employees. Sunday pay may be authorized when management determines that such pay is the prevailing practice in the local wage area and that such pay is necessary for recruitment and retention purposes. If Sunday pay is authorized, the following will apply.

a. Sunday work means work of up to 8 hours performed during a regularly scheduled tour of duty when any part of the tour of duty is on a Sunday. For any such tour of duty, not more than 8 hours of work are Sunday work, unless the employee is on a compressed work schedule, in which case the entire regularly scheduled tour of duty constitutes Sunday work.

b. An employee is entitled to pay at his or her rate of basic pay plus premium pay at a rate equal to 25 percent of his or her rate of basic pay for each hour of Sunday work, as defined in the previous paragraph, and each hour that would be Sunday work but for the placement of the employee in paid leave or excused absences status.

c. Premium pay for Sunday work is in addition to premium pay for holiday work, overtime pay, or night pay differential and is not included in the rate of basic pay used to compute the pay for holiday work, overtime pay, or night pay differential.

d. Sunday premium pay may be less, but may not exceed, payments under reference (aa).

3204. TIME IN A TRAVEL STATUS. Pursuant to paragraphs 550.1401 to 1409 of reference (aa), to the maximum extent practicable,

management will schedule the time to be spent in a travel status in such a way as to preclude traveling during their nonduty hours.

1. Travel that is Hours of Work

a. Official travel away from an employee's official duty station is hours of work if the travel is:

(1) Within the days and hours of the employee's regularly scheduled administrative workweek, including regularly scheduled overtime hours, or

(2) Outside the hours of the employee's regularly scheduled administrative workweek, is ordered or approved, and meets one of the following conditions:

(a) Involves the performance of work while traveling (such as driving a loaded truck);

(b) Is incident to travel that involves the performance of work while traveling (such as driving an empty truck back to the point of origin);

(c) Is carried out under arduous and unusual conditions (e.g. travel on rough terrain or under extremely severe weather conditions); or

(d) Results from an event that could not be scheduled or controlled administratively by any individual or agency in the executive branch of Government (such as training scheduled solely by a private firm or a job-related court appearance required by a court subpoena).

b. Management may not adjust an employee's normal regularly scheduled administrative workweek solely to include travel hours that would not otherwise be considered hours of work.

2. Creditable travel time

a. General. Subject to the conditions specified in this subpart, an agency must credit an employee with compensatory time off for time in a travel status if:

(1) The employee is required to travel away from the official duty station; and

(2) The travel time is not otherwise compensable hours of work under paragraph 1. above.

b. Travel Status

(1) Time in a travel status includes the time an employee actually spends traveling between the official duty station and a temporary duty station, or between two temporary duty stations, and the usual waiting time that precedes or interrupts such travel, subject to the exclusion specified in subparagraph b.(2) below and the requirements in subparagraphs c., d. and e. below. Time spent at a temporary duty station between arrival and departure is not time in a travel status. Time in a travel status ends when the employee arrives at the temporary duty worksite, or his or her lodging in the temporary duty station, wherever the employee arrives first. Time in a travel status resumes when an employee departs from the temporary duty worksite or his or her lodging in the temporary duty station, from whichever the employee departs last. Travel time in connection with an employee's permanent change of station is not time in a travel status. Determinations regarding what is creditable as ''usual waiting time'' are within the sole and exclusive discretion of the Head of the local NAFI.

(2) If an employee experiences an extended (i.e., not usual) waiting time between actual periods of travel during which the employee is free to rest, sleep, or otherwise use the time for his or her own purposes, the extended waiting time is not creditable as time in a travel status.

c. Travel Between Home and a Temporary Duty Station

(1) If an employee is required to travel directly between his or her home and a temporary duty station outside the limits of the employee's official duty station, the travel time is creditable as time in a travel status if otherwise qualifying. However, the local NAFI must deduct from such travel hours the time the employee would have spent in normal home-to-work or work-to-home commuting.

(2) In the case of an employee who is offered one mode of transportation and who is permitted to use an alternative mode of transportation, or who travels at a time or by a route other than that selected by the agency, the local NAFI must determine the estimated amount of time in a travel status the employee would have had if the employee had used the mode of

transportation offered by the agency or traveled at the time or by the route selected by local NAFI. In determining time in a travel status, the local NAFI must credit the employee with the lesser of the estimated time in a travel status or the actual time in a travel status.

(3) In the case of an employee who is on a multiple-day travel assignment and who chooses, for personal reasons, not to use temporary lodgings at the temporary duty station, but to return home at night or on a weekend, only travel from home to the temporary duty station on the 1st day and travel from the temporary duty station to home on the last day that is otherwise qualifying as time in a travel status under this subpart is mandatorily creditable (subject to the deduction of normal commuting time). Travel to and from home on other days is not creditable travel time unless the local NAFI, at its discretion, determines that credit should be given based on the net savings to the Government from reduced lodging costs, considering the value of lost labor time attributable to travel compensatory time off. The dollar value of an hour of travel compensatory time off for this purpose is equal to the employee's hourly rate of basic pay.

d. Time spent traveling to or from a transportation terminal as part of travel away from the official duty station. If an employee is required to travel between home and a transportation terminal (e.g., airport or train station) within the limits of his or her official duty station as part of travel away from that duty station, the travel time outside regular working hours to or from the terminal is considered to be equivalent to commuting time and is not creditable time in a travel status. If the transportation terminal is outside the limits of the employee's official duty station, the travel time to or from the terminal outside regular working hours is creditable as time in a travel status, but is subject to an offset for the time the employee would have spent in normal home-to-work or work-to-home commuting. If the employee travels between a worksite and a transportation terminal, the travel time outside regular working hours is creditable as time in a travel status, and no commuting time offset applies.

e. Travel involving two or more time zones. When an employee's travel involves two or more time zones, the time zone from the point of first departure must be used to determine how many hours the employee actually spent in a travel status for the purpose of accruing travel compensatory time off.

3. Forfeiture of Unused Travel Compensatory Time Off

a. After 26 pay periods

(1) Except as provided in subparagraphs (a)(2) and (e) below, an employee must use accrued travel compensatory time off by the end of the 26th pay period after the pay period during which it was earned. If an employee fails to use the travel compensatory time off within 26 pay periods after it was earned, he or she must forfeit such travel compensatory time off.

(2) If an employee with unused travel compensatory time off separates from Federal service or is placed in a leave without pay status in the following circumstances and later returns to service any Marine Corps NAFI (or successor), the employee must use all of the travel compensatory time off by the end of the 26th pay period following the pay period in which the employee returns to duty, or it will be forfeited:

(a) The employee separates or is placed in a leave without pay status to perform service in the uniformed services (as defined in references (ah) and (ai)) and later returns to service through the exercise of a reemployment right provided by law, Executive order, or regulation; or

(b) The employee separates or is placed in a leave without pay status because of an on-the-job injury with entitlement to injury compensation under reference (aj) and later recovers sufficiently to return to work.

b. Upon transfer to another NAFI or agency. When an employee voluntarily transfers to another NAFI or another agency (including a promotion or change to lower grade action), he or she must forfeit his or her unused travel compensatory time off.

c. Upon separation

(1) When an employee separates from Federal service, any unused travel compensatory time off is forfeited, except as provided in subparagraph (2) below.

(2) Unused travel compensatory time off will not be forfeited but will be held in abeyance in the case of an employee who separates from Federal service and later returns to service with the same (or successor) NAFI under the circumstances described in subparagraph a.(2) above.

d. Upon movement to a noncovered position. When an employee moves to a position not covered, he or she forfeits any unused travel compensatory time off. This requirement does not prevent a local NAFI from using another legal authority to give the employee credit for travel compensatory time off equal to the forfeited amount.

e. Exception due to an exigency. If an employee fails to use his or her travel compensatory time by the end of the 26th pay period after the pay period during which it was earned due to an exigency of the service beyond the employee's control, the Head of the local NAFI, at his or her sole and exclusive discretion, may extend the time limit for using such travel compensatory time off for travel for up to an additional 26 pay periods.

4. Prohibition Against Payment for Unused Travel Compensatory Time Off. As provided by subparagraph (b) of reference (ak), an individual may not receive payment under any circumstances for any unused travel compensatory time off. This prohibition against payment applies to surviving beneficiaries in the event of the individual's death.

5. Inapplicability of Premium Pay and Aggregate Pay Caps. Accrued travel compensatory time off is not considered in applying premium pay limitations, paragraphs 3202 and 3203, or aggregate limitation on pay, paragraphs 3106.3 and 3103.4.a(3).

3205. SEVERANCE PAY

1. Eligibility. Regular employees who have completed at least 12 months of continuous creditable service (see subparagraph 4, below) with one or more DoD NAFIs are eligible for severance pay. The continuous service qualifying the employee for severance pay must have occurred within the 12 months preceding the effective date of the business-based action (BBA).

2. Conditions. An eligible employee shall receive severance pay when, as a result of a BBA:

a. The employee is separated. An employee who resigns following receipt of a specific written notice of separation due to BBA or a general written notice that announces that all positions will be abolished is considered to have been involuntarily separated.

b. The employee's basic pay is reduced, and the employee resigns instead of accepting the reduction.

c. The employee's employment category is involuntarily changed from Regular Full-time to Regular Part-time, or from Regular to Flexible, and the employee resigns instead of accepting the change. Employees who have been involuntarily changed from Regular to Flexible may be paid severance pay without resigning.

d. The employee is furloughed for more than 60 consecutive days and resigns in lieu of accepting the furlough.

3. Exclusions. Otherwise eligible employees will not receive NAF severance pay if they:

a. Are employed, without a break in service of more than 3 calendar days after separation, in another DoD NAF Regular position, or a DoD appropriated fund (APF) position, without a time limit on the length of the appointment.

Note: DoD NAF employees who move to a DoD APF position without a break in service of more than 3 days are eligible for portability of benefits. NAF service is creditable for computing an employee's APF severance pay if the employee is later separated from an APF position under conditions entitling the employee to APF severance pay. Subparagraph 7., below, addresses entitlement to APF severance pay for certain NAF employees, based on a previous involuntary move from a DoD APF position to a DoD NAF position.

b. Have refused an offer of employment in any DoD NAFI that would not result in a rate of basic pay that is lower than the rate of basic pay received immediately before the BBA, or a loss of employment category (i.e., from Regular Full-time to Regular Part-Time or from Regular to Flexible). Offers must be in the same commuting area, unless the employee is covered by an agreement in which mobility is a condition of employment.

c. Are entitled to an immediate annuity that is not reduced because of the employee's age at the time of retirement. This exclusion covers an annuity from a NAF retirement plan, or from an APF retirement plan in which the employee elected to remain following movement between employment systems.

d. Are receiving payments from the USMC NAF Workers Compensation Program for a job-related injury.

4. Determining Creditable Service

a. The following service is creditable for purposes of NAF severance pay:

(1) Service in a pay status as a Regular employee in one or more DoD NAFIs;

(2) Military service that interrupted creditable service; and

(3) Service in a continuing (i.e., without a time limit on the length of the appointment) APF position, if the employee moved from a DoD APF position to a DoD NAF position on or after 1 January 1987, without a break in service or more than 3 calendar days.

b. The following service is not creditable for purposes of NAF severance pay:

(1) Service upon which a NAF or APF annuity is based, if the annuity began before the date of the BBA;

(2) Periods of service for which NAF or APF severance pay was previously granted; and

(3) Service used to determine an employee's APF severance pay entitlement under subparagraph 5. below.

5. Computation of Severance Pay

a. One week of basic pay for each full year of creditable service up to 4 years of service, for a maximum of 4 weeks of pay. For portions of years in excess of 1 year, measurable in 3 months increments, the service may be prorated.

b. The severance pay will be based on the number of hours the employee is regularly scheduled to work during the week, averaged over a period not to exceed the preceding 12 months, and at the basic pay rate received immediately before separation.

c. A NAF employee shall not be paid severance pay greater than the amount calculated using the severance pay formula in subparagraph (c) of reference (al).

d. Base Realignment and Closure (BRAC). Employees who are being separated because of BRAC may be paid up to 8 weeks of severance pay. Formula for computation is the same, i.e., 1 week of severance pay for each year of creditable service.

6. Payments. Severance pay may be made on a bi-weekly basis or in a lump sum. Personnel actions will document the amount paid and the creditable service on which it was based.

7. Limitations on Payment of APF Severance Payments to Certain employees Moving to NAF positions

a. DoD APF employees may not receive APF severance pay upon movement to DoD NAF positions without a break in service (i.e., no more than 3 calendar days). The original APF severance pay entitlement will be reinstated if the employee is subsequently involuntarily separated from NAF employment. The employee will be advised at the time of move and an annotation placed in the Official Personnel Folder.

b. When an employee who is entitled to resumption of APF severance, pursuant to subparagraph (h) of reference (al) is involuntarily separated from a NAF position, the servicing NAF personnel office will inform the employee of his or her potential entitlement and notify the employee's previous APF employer (or the successor in cases of regionalization, consolidation, or reorganization). This notification should include documentation of the BBA resulting in the involuntary separation from NAF. The notice should also include any NAF severance pay paid at the time of separation from NAF and the period of service from which the severance pay was computed. This information will help ensure that the employee is not inadvertently paid severance pay from both APF and NAF for the same service. The intent of the law, of volume 1405 of reference (a) and of this chapter is that eligible employees shall receive APF severance pay for creditable APF service, and NAF severance pay for creditable NAF service.

8. Severance pay shall not be considered part of an employee's rate of basic pay for any purpose, including calculation of retirement annuity.

CHAPTER 3

COMPENSATION AND CLASSIFICATION

SECTION 3: PAY SYSTEMS AND CLASSIFICATIONS

3300. GENERAL

1. Heads of local NAFI's are responsible for ensuring the accuracy and currency of PDs and for ensuring the proper classification of positions within their jurisdiction in accordance with the appropriate classification guides or job-grading standards. A PD shall be maintained for all employees.

2. Mixed Jobs. A mixed job involves performance of duties in two or more occupations at the same or different pay levels or plans on a regular and recurring basis. A mixed job is graded based on the duties that involved the highest skill and qualifications requirements. The pay plan for a mixed job with both CT and NF duties is determined as follows:

a. The position must be classified based on its "paramount requirements." Paramount requirements related to knowledge, skills, and abilities needed to perform the primary duty or responsibility of the position. The primary duty is the duty that constitutes the basic reason for the existence of the position and governs the qualification requirements. If a position requires trades, crafts, or laboring experience and knowledge for the performance of its primary duty, and this requirement is paramount, the position is a CT position and shall be so classified.

b. A position is classified as NF if its primary duty requires knowledge or experience of administrative, clerical, services, business management, or technical nature not related to trades, crafts, or manual labor work.

3301. CLASSIFICATION AND PAY ADMINISTRATION FOR CT (FEDERAL WAGE SYSTEM) EMPLOYEES

1. CT includes all crafts, trades, and labor positions and uses the following pay plan designations: NA for nonsupervisory positions; NL for leader positions, and NS for supervisory positions. Reference (f), augmented by reference (a) (volume 1405, appendix 2 to enclosure (2)), and appendix D of this order, contain detailed procedural instructions for the administration and operation of the FWS.

2. Classification. The CT category includes positions in a recognized craft or trade, or in an unskilled, semiskilled, or skilled manual labor occupation, including supervisory and leader positions having craft, trade, or laboring experience and knowledge as paramount requirements. In accordance with reference (q), Heads of local NAFIs shall accomplish job grading for CT positions in accordance with reference (f) subchapter S6, and reference (ax). NAF Activities shall review new or revised OPM standards and affected positions and take appropriate action within 6 months from the effective date of the standard.

3. Classification Appeals. All CT employees have the right to file a position classification appeal concerning their own position, pursuant to the provisions of paragraph 5346(c) of reference (q) as applied in subchapter S7 of reference (f). Refer to figure 3-5 for a summary of the procedure.

a. A CT employee may appeal his or her grade, title, or series assigned to his or her job at any time, but not the standards established for the job or other matters such as the accuracy of the position description, the rate of pay, or the propriety of a wage schedule rate. The system grants the employee an absolute right of appeal to OPM; however, before appealing to OPM, the employee must first utilize the Marine Corps procedures established in this section.

b. Position Description Accuracy. Dissatisfaction with the content of a PD that does not change the pay or grade, should be resolved locally through review and grievance procedures.

c. Classification Appeal Procedures

(1) Only one review level within the Marine Corps may occur before the final decision is issued by OPM. The level shall be above the position classification authority level that took the action for the review requested. The CMC (MR) is the review level for Marine Corps NAF CT employees' classification appeals.

(2) Decisions on classification appeals will normally be made by the CMC (MR) within 60 days of the date the employee filed his or her appeal.

(3) When a decision has not been issued by CMC (MR) within 60 days of the date the employee filed his or her appeal, he or she may request the Department of the Navy, Office of

Civilian Human Resources (DON OCHR) to assume jurisdiction of the appeal, and DON OCHR will promptly process and decide it.

(4) When the decision upholds the employee's appeal, the effective date for the change in the grade shall not be later than the first day of the first pay period, beginning after the 60th day from the date the appeal was filed.

(5) When the appeal is of a downgrading or other job-grading action that resulted in a reduction in grade or loss of pay, in order to be entitled to retroactive corrective action and any retroactive benefits, the employee must request a review within 15 calendar days after the effective date of the change to lower grade in accordance with paragraph 532.703(b)(3) of reference (r).

d. Notice of appeal rights. When a NAFI makes a job-grading decision that will lead to a loss in grade or pay, it must notify the affected NAF employee of its decision promptly and in writing. The notice must tell the employee about his or her appeal rights to CMC (MR) and appeal to OPM, and specify the time limits within which the employee must file his or her appeal if he or she is to establish or preserve his or her rights to retroactive adjustment.

e. The filing of a classification appeal does not negate any other appeal or grievance rights that may be available under applicable law, rule, regulation, or negotiated agreement.

f. Content of an Appeal. An employee's appeal shall be in writing and should clearly state the reasons the employee believes his or her job is erroneously graded. The appeal shall include:

(1) Full name and mailing address.

(2) Location and organizational designation of employment.

(3) Present title, series, and grade.

(4) Requested title, series, and grade.

(5) A statement from the employee explaining why he or she believes that his or her position is erroneously graded.

g. Employee Responsibilities. The employee shall furnish any additional information promptly that may be requested by the CMC (MR) or OPM.

h. Time Limit for Filing Application. An employee may file an appeal at any time. However, when the appeal involves a downgrading or other grading action which resulted in a reduction in grade or loss of pay, it must be timely as defined in subparagraph c.5. above. This time limit may be extended if the employee can show that he or she was not notified of the time limit, was not otherwise aware of it, or was prevented by circumstances beyond his or her control from filing his or her appeal within the prescribed time limit.

i. Processing of an Appeal

(1) Presentation of appeal. An employee presenting his or her appeal has the right to be represented and advised by a representative of his or her own choosing, and to take a reasonable amount of official time to prepare the appeal. An employee who submits an appeal and the employee's representative shall be free from restraint, interference, coercion, discrimination, or reprisal because of their participation in the appeal.

(2) Cancellation of application

(a) At employee's request. An employee may terminate his or her appeal at any time, and CMC (MR) shall discontinue its processing of the appeal on receipt of a written request by the employee.

(b) Failure to prosecute. When an employee does not furnish required information or otherwise does not proceed with the advancement of his or her appeal in a timely manner, CMC (MR) may cancel the appeal for failure to prosecute. CMC (MR) may, however, process the appeal to completion if the information available is sufficient for proper adjudication. An appeal canceled for failure to prosecute may be reopened at the CMC (MR's) discretion upon a showing by the employee that circumstances beyond his or her control prevented him or her from prosecuting the appeal.

(c) Separation from job. When it is learned that the employee is no longer in the job which was the subject of the appeal, CMC (MR) shall discontinue the processing of the appeal except when the employee would be entitled to retroactive

benefits including benefits allowable after the death of the employee.

(3) Appeals involving retroactive benefits. Unless the employee or his or her beneficiary requests withdrawal of the appeal in writing, any appeal in which there is a possibility for retroactive benefits will be continued until a decision is reached, whether or not the employee remains in the job concerned.

(4) Job-grading appeal file. CMC (MR) is responsible for maintaining a job-grading appeal file which shall constitute the appeal record, and which may not contain any information not made available to the employee.

(5) Decision. The decision shall be based on the record, be in writing, and shall advise the employee of his or her further right to appeal to OPM. In addition, the decision shall include an analysis of the employee's job, comparing the job with the appropriate standard. If the decision agrees with the employee's contention, and corrective action is necessary, the effective date of change in the grade of job shall be specified in the agency decision.

3302. PAY SYSTEM AND PAYBAND CLASSIFICATION FOR WHITE-COLLAR NAF EMPLOYEES (NF)

1. General. This system includes all NAF white-collar employees (NF), except those in the CY pay system. Employees in the payband system are identified as NF, followed by the occupational series and a numerical pay level from 1 to 6.

2. Special Instruction. Establishment or appointment to a NF-6 position requires approval by the Assistant Secretary of Navy (M&RA).

3. Structure. The structure of the payband is shown in figure 3-3. For each band or level the figure shows the generic work level, pay category, comparable GS grades, and examples of jobs covered.

PAYBAND CLASSIFICATION AND PAY SYSTEM FOR **WHITE COLLAR NAF EMPLOYEES (NF)**			
WORK LEVEL PAY CATEGORY	COMP. GS GRADES	BASIC WORK CHARACTERISTICS OF BAND	EXAMPLES OF JOBS COVERED
Junior Clerical/ Customer Svc NF-1	GS 1-3	Routine clerical and customer service duties such as filing, receptionist, typing, demonstrating and selling merchandise, receiving money, making change.	Computer, Acct., Pers., Ops., Supply, Mail, File and Desk Clerk; I.D. Checker, Life Guard, Rec. Aid, Cashier, Duty Ofcr., Courier, Clk-Type; Jr.Sales Clerk, Data Entry Clerk, Customer Serv. Asst.
Senior Clerical/ Customer Svc NF-2	GS-4	More complex clerical, customer service, admin. and technical support duties, such as, typing, shorthand, creating and maintaining files, applying regulations, conducting studies, demonstrating and selling merchandise, planning and conducting patron activities, supervising.	Rec Asst., Water Safety Inst., Secy., Cashier, Computer or Pers. Clerk./Asst., Illustrator, Club Ops. Asst., Payroll Clk./Tech., Sr. Sales Clk., Acct. Tech., Hd of Customer Svc.
Specialist/ Management NF-3	GS 5-8	Band includes management entry-level jobs and certain admin. and technical full performance jobs. Also includes jobs that assist full performance specialists in the following program areas: sports, acct., payroll, budget, theatre programs, catering, purchasing, computer centers, personnel, and retail.	Retail Mgr. (Main or Branch Store), Stockroom Mgr., Shift Mgr.(Retail), Admin. Asst., Sec'y. Rec. Spec., Supv. Rec. Spec., Computer Spec., Acct. Tech., Accts Payable Ldr., Gen. Ledger Ldr., Supv. Acct. Tech., Illustrator, Bowling Ctr. Mgr., Caterer, Club Mgr., Procurement Asst./Agent
Senior Specialist/ Management NF-4	GS 9-12	A subject matter expert in a highly specialized area, responsible for developing local regulatory compliance procedures, and addressing related problems. Representing area of expertise to a NAFI and public. Planning, organizing and directing program activities, ensuring program budget compliance, performing the full range of supervisory duties, evaluating program effectiveness, representing program to customer, coordinating support services. In an audit/review capacity, conducting surveys and studies of activities and functions. Examining mission, function, organization, reports, functional statements, etc., to correlate, analyze, determine and recommend management action to resolve problems or improve efficiency of operations.	Sr. Auditor, Mech. Engr., Managers of Food Actys.(Burger King), Gen. Mgr. (Exchange), Retail Mgr. (Main & Br. Stores), Family Spt., Pers., Rec.&Spt. Svcs., Sports Spec., Rec. Spec., Supv. Rec. Spec., Empl. Rel. Spec., Computer Spec/Prog. Analyst, Spt. Svcs. Supv., Food and Beverage Dir., Marketing and Advertising Spec., Club Coord., NAFI Director

Figure 3-3.--Payband Classification and Pay System for White-Collar NAF Employees (NF)

Top Management NF-5	GS 13-15	Typically mgt/supv. positions. Staff specialist positions at a regional or national level may be included. Includes managing a large NAFI at a large installation or directing a major program area at a regional level. Planning, organizing and conducting a comprehensive program integrating a variety of resources at the national level. Serving as a consultant, providing guidance, assistance and advice to field activities. Coordinating with other national staff, and other military departments. Planning, coordinating, directing and controlling all phases of a major area/division within a NAFI. Developing or revising long range plans and policies which impact the NAFI and serviced community. Directing the mgt. of subordinate activities to include examining and making recommendations concerning expansion, relocation or discontinuation.	General Mgr. (Exchange), Attorney, Retail Mgr. (Main Store), Retail Mgr. (Region), Family Spt. Ofcr., Pers. Mgmt. Spec., Pers. Ofcr, Policy & Progr. Mgr., Community Rec., Prog. Rev. & Dev., Prog. Analyst, Community & Family Acts. Prog. Mgr., Sr. Prog. Analyst, Comptroller, Finance Mgr., Club Mgr., Community Ops. Ofcr., Exec. Dir., Supv. Benefits Prog. Mgr., NAFI Dir.
Senior Executive NF-6	SES	Executive positions, with extensive mission accomplishment responsibilities in directing an entire NAF component, or a major subdivision thereof.	Director MR, Deputy Director MF

Figure 3-3.--Payband Classification and Pay System for White-Collar NAF Employees (NF)-Continued

4. Pay Schedules

a. The WSD publishes NAF payband schedules. These schedules establish the minimum and maximum pay rates for each payband in accordance with the following:

(1) Minimum and Maximum for Bands NF-1 & 2 and Minimum for Band NF-3. These rates are determined by a WSD survey of wages paid to employees in a representative number of retail, wholesale, recreation, finance, and insurance establishments in the immediate locality, who are engaged in activities similar to those in NAFIs. WSD issues separate pay schedules for each geographical area surveyed. The effective dates of schedules vary depending on the survey dates. To aid pay setting decisions, a WSD-developed pay report is attached to each schedule. It contains the average hourly rate of pay and the range of pay from high to low for certain surveyed jobs.

(2) Maximum for Band NF-3 and Minimum and Maximum for Bands NF-4 through NF-5. Minimum rates in effect on 4 August 1995, the date of implementation of the NAF payband system, serve as the basis for adjustments to minimum rates. The minimum rates for NF-4 through NF-6 will be adjusted by a percentage equal to any "national" Employment Cost Index (ECI)

percentage increase for GS employees, rounded down to the nearest $500. The maximum rate for NF-5 will be adjusted to equate to the highest GS-15, step 10, locality pay rate. The maximum rates for NF-3 and NF-4 will be adjusted to equate to 40% and 63%, respectively, of the NF-5 maximum rate, rounded up to the nearest $500.

(3) Minimum and Maximum for Band NF-6. In accordance with subparagraph (a) of reference (am), NAF senior executives shall be paid at the rates of pay established in section 5382 (a) and (b) of reference (q). Accordingly, NF-6 employees shall have their basic pay set within a payband of 120 percent of a GS-15 step 1 to Executive Level III. Maximum pay shall be set up to Executive Level II with the use of a performance appraisal system certified by the Principal Deputy Under Secretary of Defense for Personnel Readiness (PDUSD(P&R)) as making meaningful distinctions based on relative performance, as described in reference (a) (volume 1404, enclosure (4)).

b. Amendments to Pay Schedule Policy. The DoD NAF Personnel Policy Committee will review pay schedule policy periodically and propose any amendments to the Deputy Under Secretary of Defense (Civilian Personnel Policy)(DUSD (CPP)) who, in turn, will formally coordinate proposals with DoD Components.

5. Pay Setting

a. General

(1) Except for the special pay setting situations stated in subparagraph 5.b. below, the Heads of local NAFI's may determine where within the minimum and maximum rates of the proper band to set an employee's rate of basic pay. In setting an employee's rate of basic pay, consideration should be given, but not necessarily limited to, such factors as assigned duties and responsibilities; performance; budget; competitiveness with Federal and private sector pay; current rates of pay for similar positions; and the amount and timing of previous pay increases, cash awards, bonuses, and allowances. The installation commander, or equivalent, is the authority for setting the pay for the Head of the local NAFI.

(2) The term "basic pay" as used in this order means the annual rate of pay for the employee, including any portion that may be attributed to comparability with private sector pay in a locality, before any deductions and exclusive of additional pay

of any kind. Basic pay may not exceed the maximum rate for the employee's payband. The hourly rate of basic pay is determined by dividing the annual rate by 2080. The representative rate of a payband position, used for determining whether a personnel action is a promotion, reassignment, or change to lower grade when moving to or from a CT position, is the rate of basic pay paid to an employee.

b. Special Pay Setting Situations

(1) FLSA Minimum Rate Requirement. The minimum rate paid may not be less than the current Federal minimum wage, or the applicable State or municipal wage, whichever is higher.

(2) Transfer of Function. When a function is transferred from one NAFI to another within or between Components, pay for employees who move with their positions shall be set at a rate within the band that is not less than the employee's rate of basic pay immediately before the move. As an exception to this provision, where a portion of the pay is clearly defined as a locality adjustment, the locality pay adjustment need not be continued when the employee moves to an area with a lower locality pay adjustment. Future rates of pay will be in accordance with the receiving NAFI's policies and compensation programs consistent with the requirements of this order and volume 1405 of reference (a).

(3) Involuntary Moves to NAF under the DoD Employee Benefit Portability Program. When an APF employee is involuntarily moved to a NAF payband position, the employee's basic rate of pay will be set at a rate within the payband to which assigned that is not less than the employee's APF scheduled annual rate of pay, as defined in paragraph 531.602 of reference (ab), plus the corresponding locality differential. Future rates of pay will be in accordance with the receiving NAFI's policies and compensation programs consistent with the requirements of this order and volume 1405 of reference (a). If the employee's last APF scheduled annual rate of pay plus the locality differential is above the maximum rate of the payband level to which moved, pay retention is required.

c. Pay Increase. An employee may be granted a pay increase within a band with or without a position change. A promotion occurs, except for temporary details, when an employee is moved to a higher band. It may also occur where the local NAFI has established tiers or sub-bands and the employee is moved to a higher level. A promotion requires a minimum pay increase of

5%, or an increase to the minimum rate of the higher band, whichever is greater.

d. Pay Decrease. An employee's pay may be decreased within the band for the following reasons: change in duty station to a locality pay area with a lower locality rate of pay; business-based action, performance-based action, or disciplinary action; classification error; or employee requested job reassignment. A detail is not a basis for a pay decrease. When an employee is moved to a lower band involuntarily, it is a demotion.

e. Annual Across-the-Board Adjustments for Employees in Bands NF-1 through NF-5. These adjustments are not required, but may be granted not to exceed the limits below. When the minimum rate for the band is raised in accordance with subparagraph 4. above, employees at the bottom of the band, who are rated at least satisfactory or equivalent, must be given a pay increase to keep their rate of pay within the pay range for the band.

(1) Employees in Bands NF-1 and 2. The adjustment shall not exceed the average percentage adjustment stated on the pay report attached to the current pay schedule. It shall not be granted if both the ECI adjustment and the locality adjustment are canceled for APF GS employees.

(2) Employees in Bands NF-3 through 5. The adjustment shall not exceed the adjustment granted to corresponding APF GS employees.

(3) Employees at or Near the Top of a Band. The employee's basic pay may not exceed the maximum rate for the employee's band.

(4) Employees in a Less than Satisfactory or Equivalent Status. Such employees are ineligible for pay increase. This means that in some cases their pay may fall below the minimum rate of the band. Management shall provide a timeframe to improve such employees' performance, through the procedure established in chapter 5 of this order for Letters of Caution and disciplinary actions, or take other appropriate personnel action.

f. Pay Setting and Pay Adjustment for Employees in NF-6 Payband

(1) General. Pay for NF-6 employees shall be based on individual and organizational performance results, the complexity and scope of the work, the breadth of responsibility of the position, and the employee's experience, pay history, and qualifications.

(a) NF-6 pay adjustments must be linked to performance. Volume 1404 of reference (a) contains the DoD NAF performance appraisal system applicable to NF-6 employees.

(b) NF-6 basic pay is exclusive of bonuses, differentials, and allowances.

(c) Basic pay increases shall not be granted to NF-6 executives at the top of the payband. However, an executive may receive a performance bonus that does not exceed the aggregate limitation on NF-6 pay, described in subparagraph (2) below.

(d) The highest rates of executive pay and/or pay adjustments must go to those executives who demonstrate the highest level of performance and who make the greatest contributions to USMC's performance.

(2) Aggregate Limitation of NF-6 Pay. Total compensation paid to an NF-6 employee during a calendar year, including allowances, differentials, bonuses, awards, or similar cash payments, may not exceed Executive Level I under a performance appraisal system that is not certified by PDUSD(P&R). Total compensation established with the use of a performance appraisal system certified by the PDUSD(P&R) may not exceed the Vice President's salary.

(3) Pay Adjustments for NF-6 Employees. An authorizing official, as defined in volume 1404 of reference (a), may approve an increase in basic pay if warranted by the NF-6 employee's individual performance and/or contributions to the USMC's performance. An increase may not be approved more than once in any 12-month period, except when the authorizing official determines and documents in writing that the additional increase is needed for one or more of these reasons:

(a) To recognize an exceptionally meritorious accomplishment that contributes significantly to DoD, DON or USMC's performance.

(b) To compensate the senior executive for reassignment to a position with substantially greater scope and responsibility.

(c) To retain a senior executive who is critical to the mission of the USMC and who would likely leave the USMC in the absence of a pay increase.

(d) To align a senior executive with the DoD Component's senior executive appraisal and pay adjustment cycle.

(e) To approve an increase in basic pay to maintain the senior executive's relative position in the NF-6 payband following an increase in the NF-6 minimum or maximum rates of pay.

(4) Setting or Increasing Basic Pay Above Executive Level III Under a Certified Appraisal System

(a) Rates of basic pay higher than Executive Level III, but less than or equal to Executive Level II, authorized under a certified appraisal system (described in volume 1404 of reference (a)) may be authorized by the authorizing official where warranted by the position's responsibilities, the scope of the work level, the breadth of responsibility and impact on the DoD, DoN or USMC's mission, and the executive's experience and accomplishments.

(b) Rates higher than Executive Level III should be reserved for:

1. Executives who have demonstrated the highest levels of individual performance and/or made the greatest contributions to USMC's performance.

2. Newly appointed executives who possess superior leadership or other competencies, consistent with the USMC's strategic human capital plan.

(5) Performance Bonuses

(a) A performance bonus is a lump-sum monetary bonus paid in recognition of an executive's performance during the appraisal period. A performance bonus is not part of the executive's basic pay.

(b) Performance bonuses are tools to recognize, motivate, and reward significant individual achievements or contributions and shall be an integral part of NF-6 executive performance management.

(c) Executives must have a performance rating of Achieved Expectations (based on a performance score of at least 70), or the equivalent, and must have achieved expectations for all performance elements to be eligible for a bonus.

(d) Bonuses will not exceed 10 percent of the employee's annual rate of basic pay, in accordance with appendix E.

(6) Prorated Payout. A prorated payout (of the increase to basic pay/and or performance bonus) may be recommended by the rating official and/or performance review board (defined in volume 1404 of reference (a)) for executives who have less than a full year of contributing to organizational goals. The final determination to prorate the payout will be made by the authorizing official.

(7) Incentive Awards

(a) Receiving a performance bonus does not preclude an NF-6 executive from receiving other awards, provided that the employee is not monetarily awarded twice for the same accomplishment.

(b) Consistent with appendix E, awards may be granted to NF-6 executives either as individuals or as members of a team. An award may be based on a suggestion, invention, superior accomplishment, productivity gain, or other personal effort that contributes to the efficiency or economy of or other improvement to DoD or DoN or USMC's operations, or that achieves a significant reduction in paperwork. The award may be monetary, non-monetary, informal recognition, honorary, or a combination.

6. Guidance for Classifying Jobs to the Correct Payband Level

a. Figure 3-3 depicts the structure of the payband system. It shows, for each band, the generic work level, pay category, comparable GS grades, characteristics of work covered, and examples of jobs covered. Information in Figure 3-3, along with a more detailed description of work characteristics of each band, and a hierarchy of position guides or standard jobs for

each band, are used to place a set of duties in the proper band. Volume 1405 of reference (a), and any other available guidance on classification published by the OPM, DoD NAF Personnel Policy Office, or the CMC (MR) may be used, as appropriate.

b. The CMC (MR) has developed Standardized Position Descriptions (SPD) for certain positions. Heads of local NAFI's shall make use of SPDs, except in unique circumstances where new PDs may also be developed locally and forwarded to the CMC (MR) for review and assignment of job code.

c. Classification of Supervisory and Managerial Positions. While the size of the organizational unit and number of subordinates supervised may affect the grade of a supervisor or manager, these factors alone may not be used in determining the grade of such supervisor or manager. In grading these positions, other factors shall be considered, such as kind, difficulty, and complexity of work supervised; degree and scope of responsibility delegated to the supervisor; and kind, degree, and scope of the supervision exercised. A reduction in the number of subordinates or size of the organizational unit supervised may not be used under any circumstances as the sole basis for reducing the grade of a supervisory or managerial position.

d. Classification Grievances. Employees may grieve the assignment of their position to a particular band. Also, where levels within a band have been established, the assignment of a position to a particular level may be grieved. Either the negotiated grievance procedure or the administrative grievance procedure may be used as appropriate. In accordance with section 7121 of reference (c), the negotiated grievance procedure may be used by bargaining unit employees only if the classification results in a pay or payband reduction. Bargaining unit employees may use the administrative grievance procedure for classification complaints regarding actions that do not result in a reduction of pay or payband. Refer to figure 3-5 for a summary of the procedure.

3303. PAY SYSTEM AND CLASSIFICATION FOR CHILD AND YOUTH (CY) POSITIONS

1. General. The DoD Child and Youth pay system, while it has somewhat different rules of application, is part of the NAF payband system. This subsection supplements reference (a) (volume 1405, appendix 3 to enclosure (2)), references (c), (t), (u), (an) and (ao), to provide additional policy and guidance

for administering the classification and pay system for NAF CY positions.

2. Structure of Classification and Pay System - Figure 3-4 depicts the two-band structure.

BAND	STANDARD POSITIONS	MINIMUM AND MAXIMUM PAY RATES (Equivalent to the Corresponding Office of Personnel Management (OPM) Designated General Schedule (GS) Locality Schedule Rate)	
		Minimum Rate	Maximum Rate
CY-I	CY Program Assistant, Entry Level, CY-1702-I (comparable to the GS-2 level) CY Program Assistant, Intermediate Level, CY-1702-I (Comparable to the GS-3 Level)	GS-2, Step 1	GS-3, Step 10
CY-II	CY Program Assistant, Target Level, CY-1702-II (comparable to the GS-4 level) CY Program Assistant, Leader Level, CY-1702-II (comparable to the GS-5 level) CY Program Technician, CY-1702-II (comparable to the GS-5 level)	GS-4, Step 1	GS-5, Step 10

Figure 3-4.--Classification and Pay System for Child and Youth (CY) Employees

a. Classification

(1) Standard Position Descriptions (SPD). All direct caregiving staff are assigned to one of the DoD-wide standard position descriptions provided in sections 2 and 3 of reference (a) (volume 1405, appendix 3 to enclosure (2)). As showed above, band CY-I covers Entry and Intermediate Level CY Program Assistant (CYPA) positions. Band CY-II covers the positions of CYPA at the Target and Leader Levels, and CY Program Technician. CY-I positions are developmental positions for entry into band CY-II positions.

(2) Classification Grievances. NAF direct-care staff may grieve their assignment to a standard position description when they believe they are required to perform the duties of, and have met the qualification requirements for, a higher-level

standard position description. Employees many not grieve the content of the position description or the assignment of the position to a band where the content and assignment are in compliance with reference (a) (volume 1405, appendix 3). Either the negotiated or the administrative grievance procedure contained in chapter 5 may be used as appropriate. In accordance with reference (c), the negotiated grievance procedure may be used by bargaining unit employees only if the classification results in a pay or payband reduction. Bargaining unit employees may use the applicable NAF administrative grievance system for classification complaints regarding actions that do not result in a reduction of pay or payband. Nonbargaining unit employees shall follow the administrative grievance procedure contained in chapter 5. Refer to figure 3-5 for a summary of the procedure.

b. Pay

(1) Schedules and Across-the-Board Pay Increases. WSD does not issue CY schedules. As shown in Figure 3-4, the minimum and maximum rates for payband CY-I are the rates for GS-2, step 1, and GS-3, step 10, respectively; for CY-II, they are the rates for GS-4, step I, and GS-5, step 10, respectively. These minimum and maximum rates shall be adjusted by CMC (MR), as necessary, to equate to the corresponding rates on the GS schedule for the localities in which the CY job are located. Adjustments are effective the first day of the first pay period beginning on or after the effective date of the GS locality schedule. An employee's pay must be increased as necessary to prevent it from falling below the minimum rate of the band. However, employers have discretion to set pay within the minimum and maximum rates for each band within the limits established below.

(2) Pay-Setting

(a) Pay Comparability. Reference (t) establishes pay comparability requirements related to NAF child caregiver positions in military child development centers. Reference (an) applies comparable requirements to youth program employees. Accordingly, pay for CY positions shall be set at a rate of pay substantially equivalent to the rates of pay of other employees at their installation with similar training, seniority, and experience. To meet these requirements, the CY-I and CY-II paybands apply the pay rates for comparable level civil service positions.

(b) The pay-setting provisions established in this chapter for NF paybanding employees, apply to CY employees, with the exception of the rules for promotion. Additionally, non-foreign allowances established for similarly situated appropriated fund employees shall be granted to CY employees.

(3) Pay Upon Advancement Within or Between Paybands. A position change to the next level of responsibility within or between paybands requires a minimum 6 percent hourly rate increase, or payment of the minimum rate associated with the applicable GS grade in the locality to which assigned, whichever is higher. Advancement occurs when an employee moves from the CYPA Entry Level to the Intermediate Level to the Target Level, of from the Target Level to either the Program Leader or Program Technician position.

c. Training and Advancement to Target Position

(1) Training Policy and Requirements. The Office of the Deputy Under Secretary of Defense for Military Community and Family Policy implements the requirements of reference (t) for a training program for child-care employees. Training requirements for positions providing direct care for children and youth are found in references (u), (an), and (ao). Before advancing to the next level of responsibility within or between paybands, direct caregiving staff must have completed prerequisite training and education using approved OSD and Service materials to include designated training modules. Managers must promptly inform new CY staff of the training requirements for advancement and ensure that the training is available.

(2) Mandatory Assignment to Target Level after Training. Within two pay periods of completing prerequisite training and experience at a satisfactory level, direct-care staff must be advanced to the CYPA position in band CY-II, the Target Level position.

3. Position Description for CY Program Assistant, Entry Level, Intermediate, Target, and Leader Level, 1702-CY-I/CY-II. The primary function of these positions is to provide appropriate developmental care and instruction for children and youth ranging in age from 6 weeks to 18 years in a DoD CY program. Reference (a) (volume 1405, appendix 3 to enclosure (2)), provides the major duties and responsibilities for these positions.

4. Position Description for CY Program Technician Level, 1702-CY-II. The primary function of this position is to provide appropriate specialized developmental care and instruction for children and youth in a DoD CY program. Reference (a) (volume 1405, appendix 3 to enclosure (2)), provides the major duties and responsibilities for this position.

Craft & Trades (CT) Positions		
1st Step	Reduction of pay or pay grade	15 days to appeal to CMC (MR) in order to obtain retroactive correction
	Any other	At any time may appeal to CMC (MR).
	CMC (MR) must issue decision within 60 days	
2nd Step	15 days to appeal to OPM after receipt of the decision from CMC (MR).	
Bargaining Unit NF & CY Employees		
If it reduces pay or payband, then:	May use Collective Bargaining Agreement	
If it does **not** reduce pay or payband, then:	Use Grievance Procedure in Chapter 5.	
All other NF & CY Employees		
Use Grievance Procedure in Chapter 5.		

Figure 3-5.--Classification Appeals and Grievance Chart

CHAPTER 4

HOURS OF DUTY AND LEAVE

SECTION 1: HOURS OF DUTY

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FIGURE

4-1 HOLIDAY OBSERVANCE CHART 4-6

CHAPTER 4

HOURS OF DUTY AND LEAVE

SECTION 1: HOURS OF DUTY

4100. POLICY. To establish uniform and equitable work schedules, hours and working conditions essential to the health and welfare of employees and to conform to applicable Executive Orders, DoD instructions and DON issuances.

4101. HOURS OF DUTY

1. Administrative Workweek. The administrative workweek will be a period of 7 consecutive calendar days. It need not coincide with the calendar week, but may begin on any day and at any hour of the day.

2. Basic Workweek. Within the administrative workweek, the basic workweek will not exceed 40 hours, exclusive of meal periods. Whenever possible, two consecutive days off will be provided in each administrative workweek. However, the basic workweek may be scheduled over a period of six days provided the total scheduled hours do not exceed 40 per week.

3. Workday. The workday shall be administratively scheduled, shall not exceed 10 work hours, and may extend over two calendar days.

4. Meal Periods. Regular meal or lunch periods normally will be established at no less than 30 minutes nor in excess of 1 hour and will not be considered as time worked except that meal periods will be considered time worked for the purpose of determining entitlement to night shift differential pay. No employee will be required to work more than 6 consecutive hours without a meal period.

5. Alternative Work Schedules (AWS). Heads of local NAFI's may establish AWS for full-time employees. When AWS are established, NF employees who are non-exempt under the FLSA will receive overtime pay only if they work more than 80 hours in a pay period (two weeks).

6. Tours of Duty for Minors. Tours of duty for minors will be established in compliance with applicable Federal, State, and local laws. (See paragraph 2105 for employment restrictions pertaining to minors.)

7. Daylight-Savings Time

a. Employees working shifts when the change to daylight-saving time occurs are considered on duty for the normal number of hours of that shift, provided the hour lost is charged to annual leave (or sick leave if appropriate). If no charge is made to leave, pay will be allowed only for the number of hours worked.

b. When the change from daylight-savings time to standard time occurs, the employee working shifts during the change will be credited, and pay allowed, for the actual number of hours worked.

8. Legal Holidays

a. Legal holidays include the 1st of January, the 3d Monday of January, the 3d Monday of February, the last Monday of May, the 4th of July, the 1st Monday of September, the 2d Monday of October, the 11th of November, the 4th Thursday of November, the 25th of December, Inauguration Day (only for employees working in the Washington DC, metropolitan area as explained in the rules for appropriated fund employees), or any other calendar day designated as a holiday by Federal statute or Executive Order.

b. When a holiday is less than a full day, proportionate credit will be given.

c. Figure 4-1, Holiday Observance Chart, will be applied to regular employees who work at least 5 days per week, when the holiday occurs on one of the employee's two nonwork days. This Chart does not apply to any employees serving under appointments of less than 90 days.

d. Regular part-time and flexible employees who are scheduled less than 5 days per week must be regularly scheduled to work on the specific holiday or be required to work on a

holiday that occurs on a non-regularly scheduled workday within the administrative workweek to be entitled to holiday premium pay. Unscheduled flexible employees are not entitled to holiday premium pay.

9. Religious Observance

a. An employee may elect to work compensatory overtime, for the purpose of taking time off without charge to leave, when personal religious belief requires that the employee abstain from working during certain periods of the workday or workweek.

b. An employee who elects to work compensatory overtime for this purpose shall be granted, instead of overtime pay, an amount of time off from their scheduled work (hour for hour) equal to the compensatory overtime worked.

c. An employee's election to work compensatory overtime or to take compensatory time off to meet their religious obligations may be disapproved if such modifications in work schedules interfere with the efficient accomplishment of the assigned mission.

10. Time in a Travel Status Please refer to Appendix I of this manual for further information on this subject.

HOLIDAY OBSERVANCE CHART

COLUMN 1 — NONWORK DAYS
COLUMN 2 — SCHEDULED WORK DAYS

A B	SUN	MON	TUES	WED	THURS	FRI	SAT
Fri Sat	B				A		
Fri Sun		B			A		
Fri Mon			B		A		
Fri Tue				B	A		
Fri Wed					A,B		
Fri Thu				A			B
Sat Sun		B				A	
Sat Mon		B				A	
Sat Tue				B		A	
Sat Wed					B	A	
Sat Thu						A,B	
Sun Mon					A		B
Sun Tue		A,B					
Sun Wed		A	B				
Sun Thu		A		B			
Mon Tue	A			B			
Mon Wed	A				B		
Mon Thu	A					B	
Tue Wed		A			B		
Tue Thu		A				B	
Wed Thu			A			B	

INSTRUCTIONS:

1. Find the correct combination of nonwork days in column 1.
2. When a holiday falls on the nonwork day listed under ‘A’ in column 1, find the day marked ‘A’ in column 2 for the day of observance.
3. When a holiday falls on the nonwork day listed under ‘B’ in column 1, find the day marked ‘B’ in column 2 for the day of observance.
4. When an employee has only 1 nonwork day and the holiday occurs on that day, the employee will observe the holiday on the following work day.

FIGURE 4-1

4200. FAMILY AND MEDICAL LEAVE ACT (FMLA)

1. Coverage. Employees who have worked for the employer for at least 12 months and for at least 1,250 hours during the year immediately preceding the commencement of the leave, are entitled to a total of 12 administrative work-weeks of leave without pay for one or more of the following reasons:

a. For the birth of a child and care of a newborn baby;

b. For placement of a child for adoption or foster care;

c. For the employee with a serious health condition; or

d. To care for an immediate family member (spouse, child, or parent) with a serious health condition.

2. Returning to Work. The employee has the right to return to work at the conclusion of the FMLA leave and be restored to his or her original job, or to an equivalent job with equal pay, benefits, and other employment terms and conditions. (Under specific and limited circumstances where restoration to employment will cause substantial and grievous economic injury to its operations, an employer may refuse to reinstate certain highly-paid "key" employees after using FMLA leave during which health coverage was maintained).

3. Method of Use. Leave may be taken in blocks of time (12 straight weeks), or by reducing a normal weekly or daily schedule. If FMLA leave is for a birth, use of intermittent leave is subject to approval of employer. Spouses employed by the same MCCS are jointly entitled to a combined total of 12 work-weeks of leave for the birth or placement of a child for adoption or foster care, and to care for a parent (but not a parent-in-law) who has a serious health condition.

4. Responsibility. The AC/S MCCS will establish procedures explaining how it intends to administer the FMLA. The procedures may contain:

a. The requirement for employees to provide a 30-day advance notice;

b. The requirement for employees to submit a medical certificate for himself/herself or his or her immediate family member;

c. The requirement that management may insist second or third medical opinion and periodic re-certifications (at employer's expense).

d. The requirement that management may demand periodic reports during leave regarding the employee's status and intent to return to work.

e. The need for employees to try to schedule treatment so as not to unduly disrupt the employer's operations when caring for immediate family member.

5. Maintenance of Health Benefits. Management is required to maintain group health insurance coverage for an employee on FMLA leave. Management is still liable for the employer share of the premium and the employee will pay each pay period the premium he or she would otherwise have had deducted from his or her pay check. Failure to make timely payments will result in cancellation of benefits.

4201. Family Friendly Leave Act (FFLA)

1. Coverage. Regular employees are guaranteed the use of five days of sick leave each year to care for a family member who is incapacitated as a result of physical or mental illness, injury, pregnancy, or childbirth, or to accompany family members to medical, dental, or optical examinations or treatments. Leave may also be used to make arrangements necessitated by the death of a family member or attend the funeral of a family member. Family member means: spouse, and parents thereof; children, including adopted children, and spouses thereof; parents;

brothers and sisters and spouses thereof; and any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

2. Method of Use

Employees wishing to use more than 5 days (40 hours) of sick leave for such purposes, however, must maintain a sick leave balance of up to 80 hours, in which case they may use up to 13 days of sick leave for these purposes. Part-time employees sick leave will be charged on a pro-rated basis.

4202. VOLUNTARY LEAVE TRANSFER PROGRAM

1. Management may establish a leave donation program that will permit employees to donate their annual leave for use by other employees for medical, family emergencies, or other hardship situations.

2. Procedures contained in Subpart I, Part 630, 5 Code of Federal Regulations, should be used as a guideline within the following parameters:

a. Voluntary participation is limited to current regular employees.

b. The approval and use of transferred annual leave shall be subject to all of the conditions and requirements imposed by this Manual and local command regulations pertaining to annual leave. Transferred annual leave, however, may accumulate without regard to the 240-hour limitation.

c. Other hardship situations are limited to medically related circumstances.

4203. ANNUAL LEAVE

1. Creditable Service

a. All prior DoD NAFI civilian service, including service with current employer, as a regular full-time or regular part-

time employee. Flexible service is creditable when the appointment has been changed to a regular appointment with no break in service. Only continuous flexible service in the position from which converted will be credited.

b. Prior appropriated fund service is creditable if the employee has moved, under the provisions of DoD Employee Benefit Portability Program, from an appropriated fund position to a NAF position, on or after 1 January 1987.

c. All active uniformed service, except for certain retired members as outlined below, terminated by honorable discharge under honorable conditions or by transfer to inactive Reserve under honorable conditions is creditable for determining the annual leave accrual rate. For an employee who is a retired member of any of the uniformed services, credit is restricted to the actual active service in the Armed Forces during wartime or in any campaign or expedition for which a campaign badge has been authorized. If the retired member meets one or more of the following conditions, all of the active service is counted for leave accrual purposes:

(1) The retirement was based on disability resulting from injury or disease received in the line of duty as a direct result of armed conflict.

(2) The retirement was based on disability caused by an instrumentality of war and incurred in the line of duty during a period of war (as defined in sections 101 and 301 of Title 38, United States Code).

(3) On November 30, 1964, the retired member was employed in a civilian office to which the annual and sick leave law applied, and continues to be employed in an office of this kind without a break in service of more than 30 days.

NOTE: The above provisions, set forth in subparagraphs are effective 16 February 1983. Recomputation of leave for employment periods before 16 February 1983 is not authorized.

d. Fractional parts of months shall be included in determining length of service. The total length of service, however, shall be stated in terms of complete months.

e. An employee who is called to active duty for a period not to exceed 6 weeks with Reserve components of the U.S. Armed Forces shall continue to accrue annual leave credit during such periods. Non-duty time while in Reserve components is not creditable.

2. Exemptions. No employee who is currently in a leave category as a result of more liberal provisions of the separate DoD Components before 6 September 1974 shall be penalized by being placed in a lower category for leave accrual or accumulation purposes.

3. Leave Authorization. The appropriate authority shall authorize and schedule annual leave when the workload permits, and whenever possible, at the convenience of the employee. Such leave shall be earned by incumbents who are designated as regular employees (including off-duty RPT military personnel). The
amount of annual leave earned depends on the employee's total length of creditable service. Annual leave may also be granted in lieu of sick leave when the employee has a compensable Workers' Compensation claim and is medically certified as being disabled due to an on-the-job injury. The employee must sign a leave option form (MWR 99) to accept annual leave in lieu of Workers' Compensation temporary disability benefits.

4. Annual Leave Accrual. Annual leave shall be accrued by regular employees while in a pay status, excluding overtime hours worked in excess of 40 hours during the basic workweek. Employees receiving benefits under the Longshore and Harbor Workers' Compensation Act while in a pay status shall accrue annual leave. However, employees receiving such benefits and carried on the rolls of the employing NAFI in a leave-without-pay status do not accrue annual leave.

a. Employees with less than 3 years of service shall accrue 5 percent of the total hours in the basic workweek.

b. Employees with 3 but less than 15 years of service shall accrue 7.5 percent of the total hours in the basic workweek. Leave for the final biweekly period of the leave year shall accrue at the rate of 12.5 percent of the total hours in the basic workweek.

c. Employees with more than 15 years of service shall accrue 10 percent of the total hours in the basic workweek.

d. Changes in the rates of accrual are effective at the beginning of the first pay period following the completion of the prescribed service.

5. Time of Crediting. Accrued leave is credited to the employee's individual leave record upon completion of a 90-calendar day qualifying period; thereafter, at the end of the period in which it is earned. Upon separation from a NAFI, an employee who has completed 90 days as a regular employee will be paid for his or her accumulated annual leave. Reinstated employees are not required to serve another qualifying period.

6. Accumulation of Annual Leave

a. The maximum accumulation of annual leave that may be carried over from one leave year to the next is 240 hours. Employees returning from overseas assignments are authorized a maximum carryover of 360 hours. Employees with an authorized accumulation of up to 360 hours who return to a position with a 240 maximum accumulation limit are allowed to retain their excess annual leave above 240 hours, not to exceed 360 hours, at the beginning of each leave year. However, when an employee uses more annual leave in a leave year than he earns, the balance carried forward becomes his new leave ceiling, if it is still above the maximum limits normally permitted for his position.

b. Heads of local NAFI's may approve accumulation in excess of the limitations set forth above when any of the following conditions exist:

(1) Administrative error, including correction of an unwarranted or unjustified personnel action, when the error causes the loss of annual leave otherwise accruable.

(2) Sickness of the employee, providing that the period of absence due to sickness occurred at such a time late in the leave year or was of such duration that the annual leave could not be rescheduled for use before the end of the leave year.

(3) Leave is recredited upon receipt of Workers' Compensation benefits payments.

(4) Operation exigencies, providing leave was approved

following in reaching the decision as to whether an exigency exists:

(a) The exigency is of such importance that the employee cannot be excused from duty.

(b) There is no reasonable alternative to the cancellation of the scheduled leave or the assignment of those employees who will forfeit annual leave because of the work requirement generated by the exigency.

c. Annual leave restored or accumulated under paragraph 6. b. above will be identified in the leave account and must be scheduled and used no later than the end of the leave year ending two years after the date of restoration.

7. Payment and Transfer of Accumulated Annual Leave

a. Payment of accumulated annual leave credited to an employee's account is required upon separation from the NAFI, or when a regular employee's category of employment is changed to a category of employment that prohibits leave benefits.

b. Upon transfer of a regular employee to another DoD NAFI, the employee may elect, if the gaining and losing NAFI's agree, to have the losing NAFI transfer the annual leave hours, with funds to cover its cost, to the gaining NAFI. The gaining NAFI will credit the entire amount of annual leave hours.

4204. SICK LEAVE

1. Eligibility. Sick leave shall be credited to regular employees (including off-duty military personnel occupying regular part-time position). There is no qualifying period for the crediting of sick leave.

2. Granting Sick Leave. All regular employees who have sick leave to their credit may be granted such leave in accordance with the following:

a. When the employee is to receive medical, dental, or optical examination or treatment.

b. When the employee is incapacitated for the performance of duty by sickness, injury, or pregnancy and confinement.

c. When the employee's presence would jeopardize the health of others at the post of duty because of exposure to a contagious disease, normally subject to isolation or quarantine by appropriate health authority.

d. When the employee is medically certified by a health care professional as being disabled due to a compensable on-the-job injury, and the employee has signed a leave option statement to accept sick leave in lieu of Workers' Compensation benefits.

3. Sick Leave Credit Accruals

a. Sick leave credits shall accrue at the rate of 5 percent of the total hours in a pay status up to a maximum of 40 hours per week and shall be credited from the date of appointment to regular status.

b. Sick leave credits including those accrued while on annual or sick leave, are credited to the employee's account at the end of the pay period in which accrued.

4. Transfer of Sick Leave Credit. Sick leave hours shall be transferred between NAFI's provided that the employee:

a. Did not retire from the losing NAFI.

b. Is placed in a regular full-time or regular part-time pay status in the gaining NAFI within 180 calendar days of removal from pay status in the losing NAFI, or longer with approval of the CMC (MR).

c. Did not receive retirement service credit for unused sick leave.

5. Accumulation of Sick Leave. There is no limit on the amount of sick leave that an employee may accumulate and carry over from one leave year to the next. No payment for unused sick leave will be made to an employee under any circumstances.

6. Use of Sick Leave for On-the-Job Injuries. A NAF employee

receiving workers' compensation benefits (Title 5, Section 8171) may be granted sick leave from the employee's accumulated sick leave balance in lieu of the workers' compensation benefits if the employee has signed the leave option form (MWR Form 99). If the employee signed the leave option form for the use of sick leave, the workers' compensation benefit payments will be forwarded to the local NAFI for the buy back and reinstatement of leave on behalf of the employee.

4205. LEAVE ACCRUAL FOR COMMISSION OR INCENTIVE PAID EMPLOYEES

1. Regular employees paid by commission or incentive are covered by the same annual and sick leave policies as above, however, the computation of annual or sick leave accrued or paid to such employees shall be on the basis of an administrative hourly pay rate derived from the application of classification standards to the job.

2. The employee's current step of the administrative pay rate shall be used in determining the base rate for computing the earned annual and sick leave pay.

4206. ADMINISTRATIVE LEAVE

1. Heads of Local NAFI's may authorize time off with pay to employees for blood donations (for which the employee is not paid), for voting in Federal, State, county, and municipal government elections, brief periods of absence or tardiness due to circumstance which are beyond the employee's control, and for other reasons acceptable to the head of the local NAFI, when deemed prudent and in the best interest of the NAFI. When an employee is injured and medical treatment is necessary, administrative leave may be granted for the initial first aid treatment on the date of injury.

2. Uncontrollable Shutdowns. When conditions warrant, commanders or their designated representatives have the authority to shut down all or part of a NAFI. The shutdown may be due to military necessity, weather conditions, an act of God, or other events beyond the control of management.

a. During period of shutdown, caused by events beyond the control of management, regular and flexible employees at work, or scheduled to be present but prevented from reporting for duty, will be excused without a charge to leave or loss of pay for the remainder of the day.

b. The authority to excuse employees administratively should not be used when the period of interrupted or suspended operations can be anticipated sufficiently in advance to permit arranging for assignment to other work or the scheduling of annual leave. If the shutdown continues beyond one day, employees who cannot be assigned to other work may be placed on annual leave, with or without their consent, or furloughed.

3. Shutdowns or Curtailment of Work for Managerial Reasons

a. When employees are prevented from working for managerial reasons (e.g., early closure because of no patrons, construction, refurbishing, fumigation, etc.), they will be excused without charge to leave or loss of basic pay for their regularly scheduled hours for that day. Every effort will be made to reassign affected personnel to other duties.

b. When shutdowns or curtailments of work for managerial reasons are in excess of one workday, employees may be placed on enforced annual leave or furloughed. For furlough of eight calendar days or more, follow the procedures in paragraph 5012.5.

c. Every effort will be made to utilize such shutdown periods for training or other work where feasible to minimize adverse impact upon employees.

4207. MILITARY LEAVE

1. Regular full-time employees who are members of Reserve components of the Armed Forces of the United States, including the National Guard, are entitled to excused absence up to a maximum of 15 days per fiscal year without loss of pay, time, or performance rating when called to active duty or active duty for training. Any part of this excused absence that is not used in any given fiscal year accumulates for use in succeeding fiscal years, not to exceed a 15-day maximum carryover. Therefore, an

eligible employee could have a maximum total of 30 days credit for use during a fiscal year.

2. In the case of regular part-time employees, the rate at which leave accrues shall be a percentage. The percentage shall be determined by dividing the number of hours in the regular part-time employee's regularly scheduled workweek by the total number of hours that constitutes the normal full-time workweek of the employing NAFI.

3. Regular full-time and part-time employees who are called to active duty for the purpose of providing military aid to enforce the law may be granted additional military leave not to exceed 22 workdays in a calendar year. These employees shall be granted leave upon presentation of competent orders. Compensation (other than travel, transportation, or per diem allowance) received by an employee for such military service shall be credited against the pay payable to an employee with respect to his or her NAFI position for such period of military service. Military leave is to be granted only for workdays; the NAFI civilian pay of the employee shall be reduced only by the amount received for military service performed on a workday. The NAFI civilian pay shall not be reduced by any amount an individual may receive for days that are not workdays.

4. Leave without pay may be granted employees for the following other types of military service:

a. Summer training as members of Reserve Officers Training Corps.

b. Temporary Coast Guard Reserve duty.

c. Participation in parades by members of the State National Guard. (Members of the National Guard in the District of Columbia are entitled to military leave with pay for participation in parades.)

d. Training with a State Guard or other State military organization.

e. Civil Air Patrol duty.

4208. COURT LEAVE

1. Upon advance submission of a court order, subpoena, summons, or any other judicial notification, regular employees shall be granted paid court leave for jury duty; to appear in court in an unofficial capacity as a witness on behalf of the U.S. Government or the Government of the District of Columbia; and to appear in court in an unofficial capacity as a witness on behalf of private parties where the United States, the District of Columbia, or a State or local government is a party to the proceedings. The court may be a Federal, District of Columbia, State, or local governmental-unit court. This provision does not apply to an employee appearing as a witness in a judicial proceeding that involves only private parties.

2. Regular employees on court leave shall receive their regular pay for such time or shall retain the court fees received from the court, whichever is the greater amount. If the court fees are the lesser amount, such fees, exclusive of transportation fees when separately identified or otherwise identifiable, shall be turned over to the employing NAFI. When a State statute provides for reimbursement of expense or an expense allowance rather than a jury fee, employees shall receive their regular pay and the money paid by the court.

4209. LEAVE WITHOUT PAY. Leave without pay may be granted an employee who is receiving benefits under the Longshore and Harbor Worker's Compensation Act, and a regular full-time or regular part-time employee for military service, or for other reasons acceptable to and approved by the head of the local NAFI. Upon request, such leave may be granted instead of annual or sick leave. Normally such leave will not be granted for a period exceeding 1 year, except for military service or other circumstances considered appropriate by the head of the local NAFI.

4210. MILITARY FURLOUGH. Military furlough shall be granted to a regular employee for induction or recall to active duty in one of the U.S. military services. An employee returned to duty from military furlough shall have the same seniority, status, pay, and

annual leave accrual entitlement that the employee would have enjoyed had he or she remained at work instead of being placed on furlough.

CHAPTER 5

LABOR AND EMPLOYEE RELATIONS AND SERVICES

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FIGURE 5.1

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CHAPTER 5

EMPLOYEE RELATIONS AND SERVICES

5000. POLICY. Heads of local NAFIs shall recognize and strive toward the establishment of orderly and constructive relationships between managerial and non-managerial personnel, in conformance with MCO 12711.1. Continued and unimpeded communications are vital factors to an informed and productive work force. These extend to a thorough understanding of conditions of employment, job requirements, employee rights, privileges, and responsibilities of both management and employees.

5001. STANDARDS OF CONDUCT. Civilian employees and assigned military personnel shall exemplify the highest standards of personal conduct and integrity. The provisions of the Joint Ethics Regulation, DoD Directive 5500.7R are applicable to NAF employees. A/CS MCCS shall ensure that their employees are fully acquainted, initially and at least annually for those required to do the financial disclosure forms, with all aspects of the government's standards for ethical conduct.

5002. LOYALTY. Heads of local NAFIs shall ensure that no person will be employed or continue to be employed at a NAFI who:

1. Advocates the overthrow of the U.S. Government.

2. Is a member of an organization that advocates the overthrow of the U.S. Government.

3. Participates in any strike against the government, including all instrumentalities of the government.

5003. POLITICAL ACTIVITY. NAF employees are subject to the following provisions of 5 USC Chapter 73, commonly referred to as the Hatch Act, restricting the political activity of government employees.

1. Permissible Activities. NAF employees may, in their personal capacities:

a. Be candidates for public office in nonpartisan elections;

b. Register and vote as they choose;

c. Assist in voter registration drives;

d. Express opinions about candidates and issues;

e. Contribute money to political organizations;

f. Attend political fundraising functions;

g. Attend and be active at political rallies and meetings;

h. Join and be an active member of a political party or club;

i. Sign nominating petitions;

j. Campaign for or against referendum questions, constitutional amendments, or municipal ordinances;

k. Campaign for or against candidates in partisan elections;

l. Make campaign speeches for candidates in partisan elections;

m. Distribute campaign literature in partisan elections; and

n. Hold office in political clubs or parties.

2. Prohibited Activities. Employees may not:

a. Use official authority or influence for the purpose of interfering with or affecting the result of an election;

b. Collect political contributions unless both the collector and the donor are members of the same Federal labor organization or employee organization and the donor is not a subordinate;

c. Knowingly solicit or discourage the political activity of

any person who has business with DoD;

d. Engage in political activity while on duty;

e. Engage in political activity while in any Federal workplace;

f. Engage in political activity while wearing an official uniform or displaying official insignia identifying the office or position of the employee;

g. Engage in political activity while using a Government owned or leased vehicle;

h. Solicit political contributions from the general public;

i. Be a candidate for public office in partisan elections;

j. Wear political buttons on duty; or

k. Contribute to the political campaign of another Federal Government employee who is in the employee's chain of command or supervision, or who is the employing authority.

3. Employees Residing in Designated Localities Notwithstanding the provisions of paragraph 5003.2, above, an employee who resides in a municipality or political subdivision, either in the immediate vicinity of the District of Columbia or in which the majority of voters are employed by the Federal Government, may:

a. Run as an independent candidate for election to a partisan political office in an election for local office of the municipality or political subdivision provided the candidacy for, and service in, the partisan political office shall not result in neglect of, or interference with, the performance of the duties of the employee or create an actual or apparent conflict of interest; and

b. Accept or receive political contributions in connection with a local election of the municipality or political subdivision provide the employee does not solicit political contributions from the general public.

4. Reporting Violations. Any employee having knowledge of a

violation of the regulations governing political activity by any other employee will immediately report such knowledge to the head of the local NAFI. The head of the local NAFI will investigate all such reports and forward a written statement of findings and recommended disposition to the Secretary of the Navy via the Commandant of the Marine Corps (MR) and the DASN (CPP/EEO). The Secretary of the Navy will make the final determination as to violations of this policy.

5. Posting Information. The contents of paragraphs 5003.1 through 5003.4 shall be posted on official bulletin boards, and shall be published to employees at least annually.

5004. INCENTIVE AWARDS AND RECOGNITION PROGRAMS. Heads of the local NAFIs shall implement to the extent feasible, and within resources available, incentive awards and recognition programs for the purpose of improving operations and to recognize deserving employees at all levels. Appendix E contains guidance on NAF incentive awards and Appendix C contains guidance for appraising employee performance.

5005. GRIEVANCES

1. Negotiated Grievance Procedure. Where a labor organization has exclusive recognition, any negotiated grievance procedure shall be governed by the provisions of 5 U.S.C. 7101 et seq., as implemented by DOD Directive 1426.1, DOD 1400.25-M, and CPI 711.

2. Administrative Grievance Procedure. Employees not covered by a negotiated grievance procedure have the right to present their complaints and grievances to management officials for prompt and equitable consideration under the administrative grievance procedure.

a. Any employee may exercise this right in person or through a representative of his or her own choosing. A grievance can only be initiated by the aggrieved employee and not by an unauthorized third party.

b. A copy of the grievance procedure will be posted on official bulletin boards.

c. An employee may not grieve the following:

(1) Any matter which is subject to final administrative review above the local installation command level and any matter over which the installation commander does not have control or the authority to change.

(2) The content of published policy.

(3) Non-selection for promotion, except for procedural error.

(4) A matter covered by or excluded from a negotiated agreement.

(5) An action terminating a temporary promotion or detail.

(6) An action terminating a flexible or probationary employee.

(7) Non-adoption of a suggestion or disapproval of any type of discretionary award.

(8) A proposed action, notice of warning or caution, or any other prospective discretionary management action.

(9) Alleged discrimination.

(10) Any action for which another adjudicatory procedure exists.

(11) Failure to receive a pay increase or the amount of a pay increase.

(12) A BBA, on grounds other than regulations and procedures were not properly applied.

(13) Re-assignment

5006. ADMINISTRATIVE GRIEVANCE PROCEDURE. The administrative grievance procedure is conducted on the basis of a two-step procedure (with potential for a third step) that uses a review method consisting of a personal presentation to the official

designated to decide the grievance, or a personal presentation to an agent designated by the deciding official (to review the grievance and submit a report of findings and, optionally, recommendations), or a review of the written record by the deciding official.

1. Right to Representation. The grievant has the right at any step of the grievance procedure, to be accompanied, represented and advised by a person of the grievant's own choice subject to the willingness and availability of the chosen person to serve, no conflict of interest or position, and the priority needs of the local NAFI. The employee will designate the representative in writing to the first stage deciding official. Any fees charged by the employee's representative are the responsibility of the employee. The employee and his or her designated representative may use reasonable amounts of official duty time subject to supervisory determination as to when such time may be used in light of priority needs of the NAFI. Such time may be used to prepare and present grievances and appeals. The employee and representative will be free from restraint, coercion, discrimination or reprisal stemming from the presentation of the grievance.

2. Step 1 - Informal Oral Presentation. The aggrieved employee will present his or her grievance orally, to the immediate supervisor within seven calendar days following the condition or circumstances which caused the employee to be aggrieved and specify the relief requested. If the grievance is against the immediate supervisor or if the aggrieved employee feels that discussion of the problem with the immediate supervisor would be prejudicial to his or her interest, the employee (after notifying the immediate supervisor) will present the problem to the next higher supervisor. Every effort shall be made to resolve the issue at this level. The supervisor will provide an oral response to the grievant within seven calendar days after receipt of the informal oral grievance.

3. Step 2 - Head of the local NAFI. If the informal oral grievance was not resolved to the satisfaction of the employee at Step 1, the employee has seven calendar days from receipt of the supervisor's oral response to present a written grievance to the head of the local NAFI. The written grievance must state the specific nature of the grievance and the corrective action

desired. The supervisor will provide the head of the local NAFI with any information necessary to complete a review of the grievance. The head of the local NAFI will attempt to resolve the grievance and provide a final written response to the grievant within 20 calendar days after receipt of the written grievance. In cases where the head of the local NAFI was personally involved in events leading to the grievance, the employee may continue to Step 3.

4. Step 3 - Installation Commander. In cases where the head of the local NAFI was personally involved in the matter initially grieved and the grievance was not resolved to the satisfaction of the employee at Step 2, the employee has seven calendar days from receipt of the response from the head of the local NAFI to present a written grievance to the Installation Commander, through the head of the local NAFI. The written grievance must state the specific nature of the grievance and the corrective action desired. The head of the local NAFI will provide the Installation Commander or designee with any information necessary to complete a review of the grievance. The Installation Commander or designee will provide a final written response to the grievant within 20 calendar days.

Note: A final written decision must be provided to the grievant within 90 calendar days of the initial presentation of the oral grievance. The final decision will be made by the head of the local NAFI or Installation Commander or designated official not personally involved in the events leading to the grievance.

5007. DISCIPLINARY ACTIONS. A disciplinary action is a personnel action, involving a regular non-probationary employee, that officially reprimands the employee, reduces the employee's basic pay or level, places the employee in a non-pay, non-duty status, or separates the employee from employment, and is effected for personal cause, i.e., the action stems directly from the actions (performance or conduct) of the affected employee.

1. Disciplinary Actions include;

a. Letter of Reprimand.

b. Suspension without pay.

c. Reduction in pay or level

d. Separation

2. Disciplinary Actions do not include:

a. Business Based Actions.

b. Actions taken to terminate a temporary promotion or detail.

c. Separation or change to lower pay or pay level when voluntarily initiated by the employee.

d. Application of a revised prevailing rate schedule when there is no change to the position.

e. Actions taken as a result of an employee abandoning his or her position.

f. Termination for disability extending beyond sick leave allowance or when FMLA provisions have been exhausted.

g. Re-assignment

Note: Informal corrective actions such as oral admonishments, letters of warning, or other alternative approaches to discipline may be utilized, but will not be made a matter of record in the Official Personnel Folder.

3. Standard of Proof. The standard of proof in deciding actions and any grievances or appeals thereof shall be substantial evidence. Substantial evidence is defined as such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.

4. Representation. An employee has the right during the disciplinary process to representation by a person of their own choice, subject to the willingness of the chosen person to serve, no conflict of interest or position, and the priority needs of the local NAFI.

5. Unsatisfactory Performance. Regular nonprobationary employees shall not be terminated or be subject to any other disciplinary action based on unsatisfactory performance until given a letter of

caution.

a. A letter of caution reflects written concern by management about the unsatisfactory performance of an employee. It is a nondisciplinary action which is neither grievable nor appealable. A letter of caution shall not be included in the employee's OPF unless it is used subsequently as a basis for disciplinary action. Each letter of caution must:

(1) State the employee's performance shortcomings.

(2) State the standard of performance which must be met to achieve a satisfactory level.

(3) Set a definite trial period of reasonable duration, during which time the employee must demonstrate at least satisfactory performance or show sufficient substantial improvement to warrant continued employment.

(4) State that reasonable assistance will be offered by the employee's supervisor.

(5) State that improvement must be sustained.

(6) State that failure to improve may result in demotion or removal.

b. If, upon completion of the trial period, the employee's performance meets the standards established in the letter of caution, the employee will be notified in writing. This written notification will advise the employee that similar deficiencies in performance occurring within a specified time established by management may result in a proposed disciplinary action. This proposal may be issued without the issuance of another letter of caution or establishment of another trial period.

c. Demotion or removal of a regular nonprobationary employee for unsatisfactory performance will be effected using disciplinary action procedures.

5008. GUIDELINES FOR DISCIPLINARY ACTION. A guide for disciplinary action for use in selecting appropriate disciplinary penalties for various infractions is attached. (See Figure 5-1).

1. PURPOSE. The range of penalties in the guide is provided to

give supervisors and managers flexibility in dealing with particular situations, while guiding them toward a measure of uniformity in imposing penalties consistent with differences in
the nature of the position held, the specific circumstances surrounding the infraction, and the past record of the employee.

2. APPLICATION

a. Use of the Guide in Presenting Charges. When presenting charges to the employee, a blanket statement from the guide should not be used. Use only the parts that describe the employee's actual conduct and leave out parts that do not apply. It is not necessary that the offense be described in terms from the guide. A straightforward, factual statement of the employee's conduct or omissions, along with a statement of the regulations or rules of general conduct which have been violated, or damage to or interference with NAFI operations resulting from the employee's actions is sufficient. The factor of willful negligence should be avoided, since willfulness is difficult to establish. Generally, the question of willfulness may be discarded if the fact of the negligence, failure, or dereliction on the part of the employee is established.

b. Combination of Offenses. The guide provides for disciplinary action in the case of a combination of any of the offenses listed. However, using more than one charge for a single offense (for example, "sleeping" and "loafing") is prohibited. In such cases the more appropriate offense should be used and the proper penalty assessed. When the infraction covers a combination of two or more normally unrelated offenses (example: "tardiness" and "discrimination"), charges covering each offense should be preferred and a heavier penalty than that prescribed for any one such offense may be assessed.

c. Letter of Reprimand. The guide provides for a letter of reprimand as a minimum penalty for many of the offenses listed. Reprimands may be considered in determining disciplinary action taken at later dates. The letter of reprimand should not be confused with a letter of caution which is not a disciplinary
action. The letter of reprimand must be filed in the Official Personnel Folder (OPF).

d. Suspension. The guide provides for suspensions of varying lengths of time for most offenses. Suspension penalties

are applicable to calendar days and may include holidays. Periods of suspension will be in a nonduty, nonpay status.

e. Considering the Past Record. The guide provides that the penalties for disciplinary offenses will, in general, fall within the ranges indicated. In unusual cases, however, depending upon the gravity of the offense and the past record of the employee, a penalty, either more or less severe than the range provided in the table, may be imposed. If an employee's record of past disciplinary offenses is considered in assessing the penalty for a current offense, the employee must be so advised of this fact in the advance notice of proposed disciplinary action. Depending on the severity of the offenses, removal action may be instituted against an employee for two or more offenses in a 2-year period.

5009. AUTHORITY TO EFFECT DISCIPLINARY ACTIONS. Authority to effect actions is delegated to Heads of local NAFIs, and should be delegated to the lowest possible level consistent with the organizational and administrative needs of the NAFI, subject to the following limitations:

1. Authority to issue letters of reprimand and effect disciplinary suspensions of one to five days may be delegated to first line supervisors.

2. Authority to effect suspensions of 30 days or less may be delegated to second level supervisors.

3. Authority to propose and effect suspensions over 30 days, demotions and removals, may be delegated to team leaders and supervisors two organizational levels below the AC/S MCCS or
Director MCCS. This authority will be retained by heads of local NAFIs not under the control and supervision of the AC/S MCCS.

4. All delegations must be in writing.

5010. PROCEDURES FOR PROCESSING DISCIPLINARY ACTIONS

1. Letters of reprimand and suspensions of 30 calendar days or less

a. Letters of reprimand and decisions of suspension must specify the reasons for the disciplinary action. Prior to issuance of the letters, all relevant information must be determined, including the employee's side of the issues involved.

b. A written notice of the decision to suspend must be delivered to the employee no later than the day before the effective date of the suspension.

c. All notices will advise the employee of the right to representation and to grieve the action through the administrative grievance procedure or applicable negotiated grievance procedure.

2. Suspensions of more than 30 calendar days, reduction in pay or pay level, and separation

a. The employee shall be given written notice of proposed action at least 14 calendar days in advance, specifically outlining the reason(s) for which the action is being proposed. The employee shall be in a paid duty status during the notice period unless there is reason for the command to impose an emergency suspension.

b. The notice must advise the employee of the right to reply, in writing, to the proposed action within seven calendar days of the proposal. The reply must be made to the official who is to decide the action or that official's designee.

c. The notice will specify how and where the employee may review the evidence relied upon to support the reasons for the proposed action.

d. The employee is entitled to be represented by a person of the employee's own choice, subject to the willingness of the chosen person to serve, no conflict of interest or position, and the priority needs of the local NAFI. Any fees charged by the employee's representative are the responsibility of the employee. The notice must assure the employee and the representative they will be free from restraint, coercion, discrimination or reprisal.

e. A prompt and equitable written decision shall be issued after full consideration of the employee's reply and prior to the effective date of the action. The decision letter will identify which reasons in the notice of proposed action were sustained and

which were not sustained, explain the rationale for the decision, and advise the employee of the right to appeal through either the Disciplinary Appeals Procedure or an applicable negotiated grievance procedure (but not both). The decision will state how and where the appeal may be filed, the time limits for filing,
and the right to request a hearing in the Disciplinary Appeals Procedure.

f. A written decision may not increase the penalty proposed in the advance notice.

3. Emergency Suspension. An employee may be placed on emergency suspension without pay, pending disciplinary action, when retention of the employee might result in damage to or loss of property or funds, might be injurious to the employee or others, might be detrimental to the interests of the NAFI, or when there are justifiable reasons to believe that the employee is guilty of a crime for which a prison sentence may be imposed. In such cases, the employee will be provided at least 24 hours' advance notice, in a pay status, of the emergency suspension. If the final disciplinary action taken on an employee so suspended is less than removal, the employee will be paid for the time so suspended, less any loss of pay required by the disciplinary action. An emergency suspension without pay for 30 calendar days or less may be grieved; one for more than 30 calendar days may be appealed. A grievance or appeal of an emergency suspension will be consolidated and adjudicated along with the grievance or appeal of the final action.

4. An official record will be established for each disciplinary action effected. This official record will be maintained for a period of at least two years from the date the action was effected. The record will consist of:

a. A copy of the notice of proposed action.

b. A copy of the employee's written response, if any.

c. A copy of the written decision of action.

d. Copies of all evidence relied upon in support of the action.

e. The employee's petition of appeal, if any.

5011. DISCIPLINARY ACTION APPEALS PROCEDURE. Employees have the right to appeal disciplinary actions (suspensions of more than 30 calendar days, reduction in pay or pay level, and separation) through this procedure, unless they are in a bargaining unit with a negotiated grievance procedure which covers such appeals.

1. Allegations of discrimination in connection with a disciplinary action are excluded from this procedure.

2. The appellant has the right to be represented by an individual of his or her own choosing, subject to the willingness of the chosen person to serve, the priority needs of the NAFI, and no conflict of interest or position. Any fees charged by the employee's representative are the responsibility of the appellant.

3. The process for appealing adverse actions consist of a two-step process within the Marine Corps, with the potential for a final review conducted under the cognizance of the Deputy Assistant Secretary of the Navy, Civilian Personnel Policy/Equal Employment Opportunity (DASN (CPP/EEO)).

a. Step 1 - Installation Commander. The employee has the right to initiate a written appeal within 15 calendar days after the effective date of the adverse action. The appeal must contain the reasons the employee feels the decision should be reversed, request for a hearing if desired, and a designation of representative, if any.

(1) Hearing. At the employee request, a formal hearing will be held to ascertain and consider the facts upon which the adverse action was taken and the reasons the employee feels the decision should be reversed. An impartial hearing officer shall be designated to conduct the hearing and make findings and recommendations on the proposed disposition of the appeal. The employee shall be given the opportunity to submit evidence and testimony of witnesses, cross-examine witnesses, and present appropriate affidavits and depositions. A comprehensive record of the hearing will be maintained, including the recommendation of the hearing officer, and appended to the official record. No other hearing will be held in the appeal process.

(2) Decision. A written decision shall be issued within 60 days of submission of the appeal or within 60 days of

completion of the hearing, if a hearing is held. The initial decision will identify which reasons were sustained and which were not sustained, explain the rationale for the decision, and specify the appellant's further right of appeal, the time limits for such an appeal, and how and where such an appeal is to be filed.

b. Step 2 - Commandant of the Marine Corps. The initial decision may be appealed in writing to the CMC (MP) within 15 calendar days of the date of the initial decision. The CMC (MP) will review the appeal record and issue a final written decision within 60 days of receipt of the appeal. The decision will explain the rationale for the decision.

5012. BUSINESS BASED ACTIONS

1. Definition. A business-based action (BBA) is a non-disciplinary action used to adjust resources in response to changes in business revenue, budget, workload, organization, or mission. It is not used to address a performance or conduct deficiency.

2. Coverage

a. These policies and procedures are required for:

(1) Regular employees, other than those currently serving an initial probationary period, for all BBAs, and

(2) Flexible employees who have been on the rolls of the NAFI effecting the action for three continuous years, for all BBAs except furloughs. Flexible employees do not have the right to the third stage of the appeal process, i.e., appeal above the command level.

b. These policies and procedures are not required for:

(1) Employees currently serving an initial probationary period, i.e., other than an additional supervisory or managerial probationary period.

(2) Employees with less than satisfactory performance ratings of record, and

(3) Flexible employees who have been on the rolls of the

NAFI effecting the BBA less than three continuous years.

3. Types of Business Based Actions

a. Reduction in employment category, i.e., regular full-time to regular part-time, or regular to flexible.

b. Reduction in pay rate

(1) Such actions could result from reorganization, realignment of workload, elimination of duties or responsibilities from a position, lack of funds, or from a need to be competitive with pay in other organizations of the local labor market.

(2) Reduction in pay level without reduction in pay rate is not a BBA.

c. Furlough of a Regular employee for eight calendar days or more.

(1) Furlough of seven calendar days or less is not a BBA, but shall be accomplished in an orderly and equitable manner.

(2) Flexible employees are not covered for furloughs, since they only work when scheduled.

(3) A furlough may be on consecutive or alternate workdays, and may be for a definite or indefinite period.

d. Separation

4. Factors to Consider Before Resorting to BBA. Careful planning is necessary to lessen adverse effects, prepare employees, and to avoid administrative and morale problems. It is important to consider whether the cause of the reduction or realignment is a temporary or permanent situation along with each of the various actions that may be taken. For example, a reduction in hours of work, a reduction in pay rate, or a furlough may be more appropriate than separation.

5. Business Based Action Procedures

a. Determining Affected Employees

(1) Employees are affected by BBAs only if so identified

after an objective, fair and equitable ranking against other employees in the same employment category and group of affected positions.

(2) Regular Full-time, Regular Part-time, and Flexible employees will compete with other employees in the same employment category.

(3) BBAs may be effected in one employment category without affecting employees in other employment categories.

(4) Within employment categories, employees will be placed in competitive areas and competitive levels. A competitive area may be an entire NAFI, an organizational subdivision thereof, or a functional grouping of employees. A competitive level will be all employees in an occupational series and grade or pay level within the competitive area.

(5) Covered employees must be ranked to determine the order in which they will be affected (unless all employees in a competitive area or level will be equally affected--separation due to base closure or closing of an activity, or furlough of all employees of the NAFI or competitive area, for example). Retention registers will be prepared to indicate the order in which employees in a competitive level will be affected.

(6) The ranking process must include performance and seniority. Performance may be the primary criterion. The performance factor must include the employee's last two performance ratings. Ratings used must be issued 120 days prior to the date of the BBA notice. If there is no rating, only one rating, or a rating is less than 120 days old, a presumptive rating of satisfactory or equal to the last rating of record must be issued and used.

(7) BBA File. A file will be established for each BBA, separate from the personnel folders of affected employees. Subject to the provisions of the Privacy Act of 1974, the BBA file shall be made available for review upon request only by an affected employee or by those whose official duties require access. The file, to be maintained for two years from the effective date of the action, will contain:

(a) The written general notification, if any, to employees announcing the need for the BBA;

(b) Copies of retention registers, including the determination of the order in which employees were adversely affected and the process used to determine the order;

(c) Copies of letters or notices sent to each affected employee;

(d) Appeal file; and

(e) Annotated and updated copies of RPLs established as a result of the BBA.

6. Advance Notice

a. Regular employees will be given a minimum of 30 calendar days advance notice for a separation, and a minimum of 7 calendar days for other BBAs.

b. Covered Flexible employees will be given a minimum of 7 calendar days advance notice for separation, and a minimum of 24 hours for other BBAs.

c. Under emergency conditions, such as breakdown of equipment, power failure, extreme weather conditions, or other emergency conditions requiring suspension of operations, or an unanticipated reduction in business such as occurs with a sudden deployment of troops, a minimum of 24 hours advance notice may be given for all BBAs.

d. Contents of notice. The notice shall contain:

(1) The employees position title, series, grade or payband level, employment category and rate of pay.

(2) A description of the BBA and reason for it.

(3) Advice on severance pay entitlement, if applicable.

(4) Advice on loss of benefits, if applicable.

(5) If the action is separation:

(a) A statement that the action taken is nondisciplinary and does not preclude re-employment.

(b) Information on the reemployment priority list (RPL).

(c) Information on eligibility for Civil Service positions for one year from date of separation, under the terms of the DoD/OPM Interchange Agreement.

(d) Information on unemployment compensation

(6) An explanation of the employee's right to appeal, including how and where to appeal and the time limits.

7. Appeals of Business Based Actions

a. Eligible employees may appeal a BBA on the basis that regulations and procedures were not properly applied. Management decisions regarding the budget, workload, organization and mission are reserved to management and are not appealable. This is a 2 step process for eligible flexible employees (Para 5012.2 a(2)) and 3 steps for regular employees.

b. If an employee alleges that the action resulted from an act of prohibited discrimination, the action may only be contested through the discrimination complaint procedure.

c. First Step. An appeal shall be processed through an applicable negotiated grievance procedure or through the administrative grievance procedure. If processed through the administrative grievance procedure, the first step of the appeal will be in writing addressed to the Head of the local NAFI, must be filed within seven days of the effective date of the BBA, and will specify the regulation or procedure and in which way it was not properly applied.

d. A written decision will be issued by the deciding official within 7 calendar days of receipt of the appeal, summarizing the issue, stating the consideration given, and advising the appellant of the right to further appeal if the decision is not satisfactory. A decision in favor of an employee entails the requirement that the employee be "made whole." This includes pay and restoration to duty including employment rights and benefits, as applicable. If, however, it is clear the same action would have been taken against the employee even if the regulatory or procedural error had not been made, then there is no "made whole" provision.

e. Second Step. If the appellant is not satisfied with the decision at the first step, a second step appeal may be addressed in writing to the Head of the installation within seven days of the first step decision. The Head of the installation will issue a decision within 20 calendar days of receipt of the appeal. The decision shall summarize the issue, the consideration given, and advise Regular employees of the right to request a review of the written appeal record by a level above the installation commander, how and where to file the request, and time limits for filing. There is no further review or appeal above this level for covered Flexible employees.

f. Third Step. If the appellant is a Regular employee and is not satisfied with the decision at the second step, a third step appeal may be addressed to the Commandant of the Marine Corps (Code MR) within seven calendar days of the second step decision. The Commandant of the Marine Corps will issue a decision on the appeal within 30 calendar days of receipt of the appeal. There is no further review or appeal above this level.

g. Record of Appeal. A complete record of the appeal shall be maintained in the BBA file.

8. Reemployment Priority Lists (RPL)

a. Each personnel office servicing a NAF activity that separates employees by BBA shall establish a Reemployment Priority List (RPL) to provide placement assistance to those separated by BBA. Separated employees shall have priority placement rights in the NAF activity from which separated and priority consideration rights at other NAF activities in the commuting area. They shall immediately be placed on the RPL and remain on the RPL until reemployed, but not longer than 1 year from the date of separation. Placement or consideration is prospective from the time placed on the list. As an exception to the general rule, employees who were erroneously excluded from the list shall be added to the list and shall remain on the list until reemployed or until one year from the date they were added whichever comes first.

b. A person on the RPL shall be offered employment in a vacant position in the NAFI from which he or she was separated if:

(1) Management is filling a vacancy by other than detail

or position change (promotion, demotion, reassignment).

(2) The position is in the same or lower employment category as the position from which separated.

(3) The position is in the same or lower grade or pay level as the position from which separated.

(4) The position has substantially the same duties as the position from which separated.

c. If the offer is declined, the person will be removed from the RPL and the next eligible person on the RPL will be offered the position, and so on until the RPL is exhausted.

d. Rehiring an individual on the RPL is a noncompetitive recruitment action. Therefore, such individuals shall be rehired before those who receive preference in competitive recruitment actions.

e. A person on the RPL must also be offered priority consideration for NAF jobs in other DoD NAFIs in the commuting area if:

(1) The NAFI is filling the vacancy by other than detail or position change (promotion, demotion, reassignment);

(2) The vacancy is in the same or lower employment category as the position from which the person on the RPL was separated;

(3) The vacancy is in the same or lower grade or pay level as the position from which the person on the RPL was separated; and,

(4) The vacancy has substantially the same duties as the position from which the person on the RPL was separated.

f. Copies of RPLs and modifications thereto will be sent to all DoD NAFIs within the commuting area (See Para 1002.19) to effect the above requirements.

g. An individual's name is removed from the RPL when he or she accepts an offer of a position in the same or higher

employment category as the position from which separated in any DoD NAP activity. Declination of such an offer constitutes removal from the RPL.

5013. OCCUPATIONAL SAFETY AND HEALTH. Heads of local NAFIs shall create and maintain a safe and healthful environment for their employees and for the users of facilities managed for the morale, welfare, and contentment of military personnel, their dependents, and authorized civilians. All safety and health regulations shall be strictly adhered to by all employees and volunteers. Where safety technicians are not available within the installation, outside consultants shall be used.

5014. DRUG AND ALCOHOL ABUSE. Heads of local NAFIs shall ensure that drug and alcohol abuse control programs are available to NAF employees in accordance with the provisions of MCO P5300.12A.

5015. LABOR-MANAGEMENT RELATIONS POLICY. The Federal Service Labor-Management Relations Statute, 5 U.S.C. 7101 et seq, is implemented within the Department of Defense by DOD Directive 1426.1 and DOD 1400.25-M. The statute, as implemented by these DOD issuances applies to Nonappropriated Fund Instrumentalities (see 5 U.S.C. 7103 (a)(2) and (3) and DOD 1400.25-M, Chapter 711). The follow-on policy issued by SECNAV and HQMC also applies to NAF.

5016. ENTITLEMENT TO PERSONAL SERVICES AND GOVERNMENT QUARTERS

1. The privileges afforded NAF employees shall be consistent with those available to appropriated fund employees. In addition, the personal use of the facilities of the NAFI in which an individual is employed may be authorized by installation commanders when the use by regular eligible patrons is not diminished. The entitlement of 5 U.S.C. 5911, (Government Quarters and Facilities) as well as and other regulations prescribed by the President and deemed to be necessary and appropriate to carry out the provisions of this section, are hereby administratively extended to NAF civilian personnel.

2. Except in isolated situations in which the only suitable quarters and facilities available are government-owned, NAF

employees will be expected to secure them from the private sector. Also, exceptions may be made when, in the judgment of the installation commander, the mission of the installation will be better accomplished by having certain key administrative NAF personnel quartered on the installation. The occupation of Government quarters on a temporary basis by NAF employees while traveling on official business is authorized.

5017. "WHISTLEBLOWER" PROTECTION FOR NAF EMPLOYEES AND APPLICANTS DISCLOSING INFORMATION

1. Heads of the local NAFIs shall ensure that the confidentiality of employees and applicants making disclosures are protected fully. In accordance with 10 U.S.C. Chapter 81, NAF employees and applicants for NAF employment may not be impeded from disclosing information to appropriate authority that they reasonably believe evidences:

a. A violation of any law, rule, or regulation.

b. Mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific damage to public health or safety.

2. DOD Directive 7050.1, "Defense Hotline Program" May 20, 1987, establishes the DOD Hotline for reporting fraud or mismanagement, assigns responsibility and prescribes managing and operating procedures.

3. Concerning protection against reprisals, DOD Directive 1401.3 provides policy and implements P.L. 98-94, DOD Authorization Act, 1984, section 1253 (10 U.S.C. 1587) which establishes protection against reprisals for certain NAF civilian employees and applicants who have made protected disclosures. DOD 1401.3 sets forth responsibilities and authorities for providing such protection and prescribes operating procedures.

Guidelines for Disciplinary Actions

NATURE OF OFFENSE	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Violation of Standard and Rules of Conduct	Reprimand to removal	1 day suspension	5 day suspension to removal
Violation of security regulations	Reprimand to removal	1 day suspension to removal	1 days suspension to removal
Violation of Safety Practices and Regulations (including but not limited to endangering the safety of, or causing injury to, persons through carelessness).	Reprimand to removal	2 days suspension to removal	15 days suspension to removal
Discrimination	Reprimand to removal	Removal	
Sexual Harassment	Reprimand to removal	5 days suspension to removal	10 days suspension to removal
Insubordination, including but not limited to:	Reprimand to removal	5 days suspension to removal	15 days suspension to removal
a. Disobedience to constituted authorities, or refusal to carry out any proper order from any supervisor having responsibility for the work of the employee.			
b. Disrespectful conduct toward constituted authorities; or use of insulting, abusive or obscene language to constituted authorities; or physical resistance to constituted authorities.			
c. Failure or undue delay in carrying out orders, work assignments or instructions of supervisors.			

Figure 5.1

NATURE OF OFFENSE	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Immoral, indecent, or notoriously disgraceful conduct.	5 days suspension to removal	30 days suspension to removal	Removal
Solicitation of gambling on Government-owned and leased premises	Reprimand to removal	10 days suspension to removal	Removal
Misconduct off-duty which reflects unfavorably on the NAFI.	Reprimand to removal	3 days suspension to removal	5 days suspension to removal
Actual or attempted taking and carrying away of Government or NAFI property or funds or the property of others.	Reprimand to removal	Removal	
Knowingly making false, unfounded or malicious statements about NAFI personnel or other personnel attached to activity.	1 to 15 days suspension	15 days suspension to removal	Removal
Unexcused tardiness (after record of excessive tardiness has been established)	Reprimand to 2 days suspension	3 to 15 days suspension	15 days suspension to removal
Loss of, misuse of, or damage to Government property or funds, or the property or funds of NAFI employees, or endangering any of the above through carelessness.	Reprimand to removal	10 days suspension to removal	Removal
Failure to report to proper authority personal knowledge of serious offenses on the job on the part of another employee.	Reprimand to removal	3 days suspension to removal	15 days suspension to removal
Gross negligence	Reprimand to removal	30 days suspension to removal	Removal
Unauthorized disclosure of confidential or private information	Reprimand to removal	10 days suspension to removal	Removal
Abuse of NAFI privileges	Reprimand to removal	5 days suspension to removal	Removal
Unauthorized absence.	Reprimand to 5 days suspension	5 to 10 days suspension to removal	10 days suspension to removal

NATURE OF OFFENSE	FIRST OFFENSE	SECOND OFFENSE	THIRD OFFENSE
Leaving job to which assigned any time during working hours without proper permission.	Reprimand to 5 days suspension	5 to 10 days suspension to removal	10 days suspension to removal

Figure 5.1

CHAPTER 6

EMPLOYEE BENEFITS

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CHAPTER 6

EMPLOYEE BENEFITS

6000. SCOPE

1. Group medical, dental, life insurance, retirement benefit and 401(k) plans are administered by the CMC (MR) for civilian nonappropriated employees of MCCS and miscellaneous nonappropriated activities. Participation is voluntary on the part of each employee. Participation in any other employee benefits, either by contribution on the part of the employer, employee or by payroll deduction is not authorized. Failure to enroll in available benefits plans during eligibility period may result in the employee being deprived of certain benefits. Therefore, benefits shall be fully explained to each employee; and said employee shall be required to sign proper documentation indicating enrollment or waiver, before the end of the eligibility period. If an employee elects to participate, required payroll deductions shall be taken from earnings each pay period.

2. No new retirement or insurance plans or changes to existing plans shall exceed the benefits authorized by the Congress for civil service employees who are covered by U.S. Office of Personnel Management (OPM) rules and regulations concerning employee benefits. Retirement or insurance plans that were in effect on January 1, 1976, and that exceeded the benefits authorized by the Congress for such employees may continue with those benefits. Any and all restrictions on benefits applicable to civil service employees who are covered by OPM rules and regulations concerning employee benefits will apply automatically to NAF retirement and insurance plans.

6001. GENERAL POLICY

1. Unless otherwise required by Federal statutes or specific provisions in this Chapter, RFT and RPT NAF employees who are U.S. citizens, U.S. nationals, or permanent resident aliens of the United States employed in the United States shall be offered, as a minimum, the programs described herein. In all cases, benefits offered to Federal civil service employees will serve as

the ceiling or cap on NAF provided benefit levels as described in paragraph 6000.2 above.

2. Provisions of plans outlined herein are subject to change, at the discretion of the CMC (MR).

6002. SPECIFIC POLICY

1. A supplement to specific policies cited herein is contained in Appendix B. Appendix B amplifies the policies and outlines procedures. Appropriate procedures are contained in the Administrative Manual for Employee Benefits and Workers' Compensation, published by CMC (MR).

6003. FUNDING PRINCIPLES AND FUND REVIEWS

1. Funding. A high degree of fiscal responsibility is essential. Accordingly, the CMC (MR) shall ensure that all retirement and insurance programs are funded in accordance with sound actuarial, insurance, and accounting principles that will ensure adequate protection of the interests of participants and beneficiaries.

a. No appropriated funds will be requested or expended in connection with unemployment insurance, life insurance, medical, retirement, 401(k) or survivor benefits, established or authorized by this Manual. Appropriated funds replenishment or subsidy of nonappropriated funds applied to these purposes is similarly prohibited.

b. Any contracts, formal agreements, and similar documents used in transactions with insurance carriers, financial or other organizations, unions or other employee organizations will contain a clear disclaimer relieving appropriated funds of the U.S. Government from any and all expressed or implied financial liability in connection with NAF retirement and insurance programs.

2. Fund Reviews. The CMC (MR) ensures that each fund maintained in support of a retirement program is regularly reviewed by one or more qualified actuaries. P.L. 95-595 establishes uniform

annual reporting requirements for Federal Government pension plans, including DoD NAF retirement plans. The CMC (MR) shall ensure that NAF retirement plans comply with the form, manner, and time of filing as required by the OMB, GAO, and the Department of the Treasury. Basically, compliance requires that various financial and actuarial statements be provided annually to OMB not later than 150 days after the last day of the plan year, and Congress not later that 210 days after the last day of the plan year. Information copies of the reports will be forwarded and questions directed to the DoN and DoD NAF Personnel Policy Offices.

3. Investment of NAF Retirement Program Funds and Trust Requirement

a. All investment use of any retirement funds shall comply with The Basic Fiduciary Rules and all restrictions pertaining to investment of retirement funds as stated in the Joint Explanatory Statement of the Committee of Conference on the Employee Retirement Income Security Act of 1974 (ERISA).

(Note: The prohibited transaction restrictions on acquisition of employer securities should not be construed to restrict investment of Federal government securities. In general, a fiduciary is any person who exercises discretionary authority or control over the management of a plan, or any authority or control over the management or disposition of plan assets; renders investment advice to a plan for a fee or other direct or indirect compensation, or has the authority or responsibility to do so; or has any discretionary authority or responsibility regarding plan administration, whether or not it is used. In the broadest sense, everyone in the chain or responsibility for NAF retirement plans and their funds has a fiduciary responsibility for them. However, to identify individuals who can be held personally responsible (pecuniary liability) for losses suffered by a plan or its beneficiaries, the concept of fiduciary responsibility takes on a much narrower application; and regulations shall identify the positions that fall into the category.)

b. Investments of retirement funds may be made but not limited to the following:

(1) Deposits or securities authorized by paragraph J.2.b. of DODI 7000.12, that provide the necessary liquidity for the retirement plan.

(2) Instruments of the private sector such as common and preferred stocks, corporate and municipal bonds (generally minimum investment grade), options, and real estate.

c. Fiduciaries shall diversify plan assets to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. It is not intended that a more stringent standard of prudence be established with the use of the term "clearly prudent." Instead, by using this term it is intended that in any action for plan losses based on breach of the diversification requirement, the plaintiff's initial burden shall be to demonstrate that there has been a failure to diversify. The defendant than is to have the burden of demonstrating that this failure to diversify was prudent. ERISA places these relative burdens on the parties in this matter, because the basic policy is to require diversification, and if diversification on its fact does not exist, then the burden of justifying failure to follow general policy should be on the fiduciary who engages in this conduct. Ordinarily the fiduciary should not invest the whole or an unduly large portion of the property in one type of security or in various types of securities dependent upon the success of one enterprise or upon conditions in one locality, since the effect is to increase the risk of large losses. The degree of investment concentration that would violate this requirement to diversify cannot be stated as a fixed percentage, because a prudent fiduciary must consider the facts and circumstances of each case. The factors to be considered include:

(1) The purpose of the plan.

(2) The amount of the plan's real assets.

(3) Financial and industrial conditions.

(4) The type of investment, whether mortgages, bonds, or shares of stock or otherwise.

(5) Distribution as a geographic location.

(6) Distribution among industries.

(7) The dates of maturity.

d. Retirement plan assets including asset earnings must be held in trust and legally separated from all other NAFI assets for the exclusive benefit of the plan participants and their beneficiaries.

4. Investment Rate of Return Calculation Requirement. (Note: Refer to DODI 7000.12, "Financial Management of MWR Activities" for more information).

a. The retirement funds will compute a time-weighted rate of return each quarter using a plan year (which will usually be calendar year). A calendar year-to-date time-weighted rate of return (e.g., 1 January - 30 June), will be included if possible. However, an annual time weighted rate of return is required. Retirement funds are not required to submit data based on a fiscal year beginning 1 October. The CMC (MR) will indicate the particular commercial firm used to compute internally the formula used.

b. In addition to the requirements stated in paragraph K.4 of DODI 7000.12, retirement funds will include the following actuarial assumptions in their quarterly summary of data: estimated rate of return, estimated salary increases, estimate of inflation, percent of payroll contributed by both employer and employee (include Social Security contributions if used to compute benefits). If a change in any of these assumptions has occurred since the previous quarter, the changes should be noted and explained. The annual actuarial valuation (which is based on a plan year) will also include the present value of assets, benefits (both with and without salary increases), and the net value of the assets. If the net value of the assets is a negative number (i.e., an unfunded liability), then the estimated date when this negative net asset is eliminated will be included (e.g., 31 December 2000) as well as the percent of employer’s payroll needed to eliminate this unfunded liability.

c. All rates of return should be completed not later than 60 days after the end of a particular quarter. The rates of return calculations will start with the first quarter beginning after

this instruction has been officially approved. The initial year-to-date data will begin with the same beginning quarter.
The initial year-to-date figures will be superseded when a normal year has begun. The CMC (MR) will maintain the rates of return calculations for presentation at the annual DoD NAF Review of Investment Management as required by DODI 7000.12.

6004. SOCIAL SECURITY. In accordance with 42 U.S.C. 410, NAF employees (including off-duty military enlisted employees) are provided Social Security coverage.

6005. RETIREMENT

1. Retirement Coverage. The CMC (MR) shall provide retirement coverage which will be considered together with the benefits
provided by the Social Security Administration. Enrollment in the Group Retirement Plan is voluntary for regular full-time and regular part-time employees.

2. Retirement Enrollment Eligibility. Employees become eligible to enroll in the Group Retirement Plan after one year of service (RFT, RPT or Flexible). Prior Military, appropriated fund, or NAF service may be used to satisfy this one-year waiting period, provided the break in service is not greater than one year.

3. Credited Service. Credited NAF employee service for retirement will include all NAF service for which employee
contributions, deposits, or redeposits were made.

a. Where the CMC (MR) elects to recognize all or part of other previous periods of NAF service within Marine Corps NAF credit will be given on a retroactive basis as retroactive credits.

b. Service in any position paid from appropriated funds, except for honorable active U.S. military service described in paragraphs 1.b and c of Appendix B, is not creditable for NAF retirement purposes. The basis on which total credited NAF employee service will be determined is contained in Appendix B.

4. Timely Filing. An employee's application for retirement benefits must be processed in a timely manner. In order that the

retiring employee may receive benefits as soon as possible after retirement, the application and appropriate attachments must be sent to the CMC (MR) within 5 days after the end of the final pay period in which the employee has earnings.

5. Retirement Eligibility

a. An employee's normal retirement date is the 1st day of the month that falls on or follows the employee's 62nd birthday. However, the employee must have at least 5 years of credited service to qualify for an annuity including the employer's contribution.

b. The CMC (MR) may allow employees to retire earlier on a reduced annuity basis after attaining age 52, and completing 5 years or more of credited service.

6. Contributions. The CMC (MR) will determine the rate of employee contribution to the retirement program.

7. Retention of Accrued Credited Service for Retirement Annuity Purposes. When an eligible employee who is participating in a retirement plan terminates employment and is employed by another DoD NAFI within 90 days, and the gaining NAFI offers a different retirement plan, the employee may carry forward his or her credited service accrued for retirement annuity purposes with the prior NAFI. The feasibility of continuing this "portability" provision shall be reviewed periodically by the DoD NAF Retirement and Insurance Committee. When the NAFI's retirement plan includes a provision for disability annuity, the employee shall fulfill the gaining NAFI's own credited service vesting requirements for disability annuity prior to becoming eligible for that annuity. Complete policy and procedures are stated in Appendix B.

6006. WORKERS' COMPENSATION BENEFITS

1. The NAFI Act of the Longshore and Harbor Workers' Compensation Act. Nonappropriated Fund employees within the US, US citizens or permanent residents of the United States or a territory employed by NAFIs outside the US, shall be provided
compensation benefits(off-duty enlisted personnel employed by

NAFIs are not civilian employees for the purposes of this Act). Non-U.S. citizen or non-Resident Alien employees will be covered by the Federal Employees Compensation Act (FECA), as administered by the DoL. DoL will adjudicate and pay worker's compensation benefits as required; or as defined by the SOFA, country-to-country or treaty agreement.

2. Coordination with Other Benefits. Retirement or disability annuities shall be offset by the amount of workmen's compensation indemnity benefits payable. Any workers' compensation income received by a survivor annuitant derived from an "on-the-job" incurred disease or injury to the employee shall also be used as an offset against the survivor annuity payable under the retirement plan.

3. Return To Work Program. Every effort must be made to return injured employees back to work as soon as they are physically able, as determined by the medical information. The procedures for complying with the official Marine Corps Return To Work Program are outlined in the Administrative Manual for Group Medical and Life Insurance, Worker's Compensation, Group Retirement and General Liability/Composite Insurance Programs for Civilian Employees of the U.S. Marine Corps Nonappropriated Fund Instrumentalities.

4. Leave. Leave without pay may be granted an employee who is receiving benefits under the Act stated in paragraph 6006.1. Annual or sick leave may be granted from the employee's accumulated annual or sick leave balance in lieu of leave without pay when the employee has a compensable Workers' Compensation claim and is medically certified as being disabled due to an on-the-job injury. The employee must sign a leave option form (MWR 99) to accept annual or sick leave in lieu of Workers' Compensation temporary disability benefits. Leave is re-credited upon receipt of Workers' Compensation benefits payments. Administrative leave may be granted for the initial first aid treatment on the date of injury.

6007. UNEMPLOYMENT BENEFITS

1. Basis for Payment. Under authority of the Unemployment Compensation for Federal Civilian Employees (UCFE) Act (5 U.S.C.

Chapter 85 and 20 CFR 609), the Secretary of Labor, on behalf of the United States, has entered into agreements with all the United States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands. These agreements provide that benefits will be paid by a State to any unemployed Federal civilian employee whose wages have been assigned to that State in which the employee had his or her last official duty station, in the same amounts and subject to the same conditions as if the Federal civilian service and wages had been included as employment and wages under the employment insurance law of the State involved. Employees returning from overseas will be paid benefits based upon the state in which they file their claim.

2. Charge to Employing NAFI. Heads of Local NAF activities should be aware that they have to absorb the cost of paying unemployment benefits to Federal civilian NAFI employees. Thus, it is very important that each NAFI become conscious of its responsibility to safeguard NAFs through good management practices by implementing procedures to reduce improper unemployment benefit payments. NAFI ability to provide State agencies with timely, accurate, and complete wage and separation information precludes adverse eligibility decisions from being made and avoids improper payment of benefits and charges to NAFIs. Heads of the local NAFI may further curtail unwarranted payment of benefits by appealing State decisions to pay un- employment benefits to former employees whom the NAFI believes are not entitled to such payments. This is especially true in situations when former employees were removed for misconduct, resigned voluntarily, or refused a suitable job offer. Heads of local NAFIs should be aware that if an ineligible individual, including a retiree, receives improper payments, the former employer is charged for these costs, in addition to the costs charged to it for warranted payments. When additional or corrective information is provided to the State by NAFIs, re-determinations are made only when permitted under the appropriate State law.

6008. GROUP INSURANCE

1. Group insurance is designated to provide the broadest coverage against unforeseen events to NAF employees and their dependents. Heads of local NAFIs shall assure that all their

eligible NAF employees have the opportunity to participate in group insurance plans meeting the requirements established in this Chapter.

2. Voluntary Participation. Employee participation in group insurance shall be voluntary. NAF employees who are eligible shall be permitted to elect not to be covered.

3. Group Insurance Benefits

a. The following group insurance benefits will be made available to all eligible employees:

(1) Life Insurance.

(2) Accidental Death and Dismemberment.

(3) Comprehensive Medical Expense.

(4) Life and Medical benefits for eligible retired employees.

(5) Optional Life Insurance for employee

(6) Optional Life Insurance for family of employee

(7) Comprehensive Dental Benefit

b. The basic provisions for each of these benefits are set forth in Appendix B.

4. Retention of Group Insurance Rights. When RFT and RPT Marine Corps employees participating in the Group Insurance Plan are transferred by reason of a functional transfer, and the gaining NAFI offers a different group insurance plan, such employees are entitled to transfer of certain Group insurance participating
rights, subject to the provisions and limitations of the gaining NAFI plan. These rights are limited to:

a. Participation in those portions of the gaining NAFI plan that are counterparts of the losing NAFI plan in which the employees and his or her dependents were participating on the date immediately prior to the date of transfer. To exercise this

right, however, the employee must file for similar coverage within one month of the date of transfer. In this event, coverage will become effective as of the date of transfer or, if later, as of the date the application for it is signed. To enroll in any counterpart portions of the gaining NAFI plan which the transferred employee or his or her dependents were not enrolled in the losing NAFI plan, insurability rules applicable to other employees of the gaining NAFI will apply.

b. Credit will be given for those periods of time the employee was a participant in those counterpart portions of the losing NAFI group insurance plan that establishes eligibility for retired employee life or medical, or both, coverage in the gaining NAFI plan.

5. Funding. Costs for group insurance benefits will be shared between the employer and the employee. See Appendix B for policy concerning cost to eligible retired employees.

6009. HEALTH MAINTENANCE ORGANIZATIONS. In compliance with P.L. 97-35, which amended the Health Maintenance Organization (HMO) Act to include NAFIs within the definition of the term "employer," Heads of local NAFIs may provide eligible NAF employees the option of membership in qualified HMOs.

6010. NAF BENEFIT ENHANCEMENT PROGRAM - 401(k)
In July 1993, the Marine Corps Morale, Welfare and Recreation NAF Benefit Enhancement Program was implemented. This benefit is available to all eligible civilian employees, at least 18 years of age, with one year of employment in an eligible status. Specifics of this plan are contained in Appendix B.

CHAPTER 7

EMPLOYMENT OF NAF PERSONNEL IN OVERSEAS AND FOREIGN AREAS

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CHAPTER 7

EMPLOYMENT OF NAF PERSONNEL IN OVERSEAS AND FOREIGN AREAS

7000. POLICY

1. USMC and DOD policies and laws governing employment practices for NAF personnel in the Continental United States (CONUS) basically apply overseas to U.S. citizens and U.S. nationals and are consistent with existing treaties or agreements with host countries. The employment conditions for locally hired non-U.S. citizen employees shall be based on customs and practices in the areas and the provisions of the country-to-country agreements. The NAF personnel policies developed in any one area shall apply uniformly to all NAF elements of the U.S. Forces in the same area.

2. References (a), (d), and (e) which prescribe the policies currently governing civilian personnel employed by DOD Components in CONUS and overseas, have been administratively extended to NAF employees. This Chapter summarizes the essential elements contained in these issuances and makes interpretations for NAF employees as needed.

3. Heads of local NAFIs or organizations under their cognizance shall not cause any actual or potential liability to appropriated funds by reason of employment of NAF personnel or use by such employees of non-U.S. Government facilities in foreign areas, except as otherwise specifically authorized by regulations and procedures approved by the Secretary of Defense or designee.

4. Appropriated fund logistical or administrative support of NAF employees in foreign areas shall be on a reimbursable basis, except where otherwise exempted.

7001. Employment of U.S. Citizens or U.S. Nationals Recruited Locally

1. U.S. citizens and U.S. nationals residing in the host country may be recruited locally by overseas NAFIs in accordance with established country-to-country agreements. Except in those instances where placement must be made under the provisions of chapter 2, paragraph 2106, "Employment of Spouses of Military Personnel (Spouse Preference)," first priority must be given to

the employment of dependents of military and civilian personnel assigned in the host country, without regard to other priorities in this Manual and to off-duty military personnel, when such actions are not at variance with the Status of Forces agreements, country-to-country agreements, treaties, or when the host nation's political or economic conditions require maintenance of the existing local national or U.S. citizen employment balance.

2. Compensation of such employees shall be in accordance with chapter 3 of references (f) and (a) volume 1405, appendix 2 to enclosure 2.

7002. Employment of U.S. Citizens Recruited in the United States

1. When it has been determined that local nationals, U.S. citizens, or U.S. nationals residing in the host country do not possess the necessary training or experience for a particular NAF position, civilian personnel may be recruited from the United States to fill these positions. In general, such personnel shall be limited to key management or supervisory positions and those positions regarded as essential for security reasons.

2. Rates of pay for U.S. citizen NAF employees who are compensated under the pay band system and who are recruited in the United States and its territories and possessions for overseas assignments shall be fixed in conformity with rates paid for work of a comparable level, difficulty, and responsibility to that of NAF employees in the United States.

7003. Employment of Non-U.S. Citizens. The employment of non-U.S. citizens by the U.S. Armed Forces overseas is covered by reference (a) volume 1231. The instruction supplements reference (e), which is the basic DOD policy governing civilian personnel of the Department of Defense in overseas areas. As far as practical, locally available personnel will be employed before personnel are transferred from, or recruited in, the United States.

1. Local Nationals. Local laws and customs shall be followed in the employment and administration of local nationals to the extent that such laws and customs are compatible with the basic management needs of the U.S. Forces.

2. Third (Other) Country Nationals. The importation of workers from another country by a NAFI shall only be made when personnel requirements cannot be met by local hire. When it becomes necessary to do so, arrangements should be made with the host government to permit importation of workers who are acceptable to the host country.

3. Resident Aliens. Resident aliens shall be employed in accordance with agreements made with the host country.

7004. Overseas Tours

1. In accordance with reference (e), in order to promote the efficiency of worldwide operations, employment of U.S citizens in foreign areas shall generally be limited to 5 years.

2. Extensions beyond 5 years shall not be approved without written certification that the employee's performance is satisfactory; the employee has current knowledge, skills, and abilities required to perform the duties of the position; the employee continues to adapt to the overseas environment; and a continuing need exits for the employee's services.

3. The movement of employees from foreign to nonforeign (U.S. possessions overseas that are subject to the 5-year limitation) areas or vice versa must be approved when the employee's foreign service exceeds 5 years or the new assignment and current service exceeds the 5-year limitation.

4. Delegation. The authority to approve extensions to the 5-year overseas employment limitation and movements between overseas areas is delegated to the Commander, Marine Corps Bases, Japan, and may be redelegated.

7005. Review Process for Employees Denied Overseas Extensions. NAF employees who request but fail to receive an overseas extension have the opportunity to present their case to management, in a two-step review process.

1. Step One. The employee requesting review of the decision to deny an overseas extension, may present an informal oral or written presentation to the official who initially denied the overseas extension request ("initial denial authority") within 7 days of the decision.

a. The request for review must specify the relief requested, and any relevant information the employee believes should be considered.

b. The initial denial authority will provide a decision in writing to the employee within seven calendar days after receipt of the request for review and presentation of matters the employee wants considered.

2. Step Two. The second step is a written request for review to the initial denial authority's next higher supervisor ("step two review authority") that was not personally involved in the matter.

a. The written request for review must state the corrective action desired, the date of the initial denial authority's decision at the Step One level, and contain any relevant information the employee believes should be considered. The employee has no right to an oral presentation.

b. The Step One initial denial authority will provide the Step Two review authority with any information necessary to complete the review requested.

c. The Step Two review authority will provide a final written decision to the employee within 20 calendar days after receipt of the request for Step Two review.

3. The time limits may be extended by increments of seven calendar days on a case-by-case basis when circumstances warrant. Requests for extension of time shall be made before the time period is due. However, the entire review process shall not exceed 90 calendar days and shall be completed before the end of the tour.

4. Independently of the stage of the review process, whether it is a step one or two, it shall not proceed further than the Commanding General, Marine Corps Bases, Japan, level.

5. Upon completion of this review, whatever the outcome, the decision is final.

7006. Allowances and Differentials

1. The payment of allowances and differentials to NAF employees shall comply with reference (a) volume 1250, DOD Civilian Personnel Manual (CPM), Overseas Allowances and Differentials

volume, with the exception of Post Allowance of locally hired employees. However, Post Allowance for NAF employees in foreign areas who are not locally hired shall continue to be paid pursuant to reference (a) volume 1250.

2. Post Allowance of Locally Hired NAF Employees.

a. Locally hired employees who were receiving post allowance as of 9 August 2009 will be considered "grandfathered," and will continue to receive post allowance as long as they remain eligible under reference (a) volume 1250, and continue to be employed at the current NAFI. Upon separation from the employing NAFI, the employee's "grandfathered" entitlement to post allowance ceases.

b. Locally hired employees hired after 9 August 2009 will not receive post allowance, unless otherwise determined by CMC (MR). Any decision to pay post allowance to locally hired employees will be made in accordance with reference (a) volume 1250 and volume 1405, Appendix 2 to Enclosure 2.

7007. Travel and Transportation

1. CMC (MR) authorizes payment by NAFIs of expenses for essential travel and transportation of NAF employees and their dependents in amounts not to exceed those prescribed in volume 2 of the JTRs, when such travel and transportation is clearly in the best interest of a NAFI.

2. Transportation of household goods and personal effects at the expense of the NAFI may be authorized in connection with the employee's assignment, permanent change of station, or separation which is initiated by the NAFI and is clearly in the best interest of the NAFI.

3. When a NAF employee transfers from one DOD NAF position to another, the gaining NAFI is authorized to grant the above travel and transportation allowances to the employee.

4. Household goods of employees returning for separation from an overseas location may be transported at NAFI expense, if otherwise entitled, from the overseas permanent duty station, place of nontemporary storage, or both, to the place of actual residence, as determined in accordance with reference (g) volume 2, C5556-B2. Shipment may be made to a different place designated by the employee provided that any cost to the NAFI in excess of the cost for shipment of household goods in one lot by

the most economical route from the overseas permanent duty station to place of actual residence is borne by the employee.

5. The provisions outlined in volume 2 of reference (g), chapter 5, part P, are also applicable to those employees who are moved from a permanent duty station in CONUS to an overseas permanent duty station and are covered by an unconditional mobility agreement as a condition of employment. These provisions are not applicable to the sale and purchase of a residence in foreign and overseas areas.

a. When employees are transferred to overseas areas and own the residence they occupied at the former duty station in CONUS, the time limit prescribed in volume 2 of the JTR for selling that residence shall begin on the date they return to CONUS on PCS reassignment, rather than the date they arrive at the overseas duty station.

b. The above provisions shall not apply to an employee who returns to CONUS on a PCS reassignment to a duty station in the same city or area, as defined by paragraph C5080-F, volume 2 of reference (g), provided the employee did not sell the former residence.

7008. Return Rights. NAF personnel recruited in the United States for assignment in foreign areas have no vested return rights. The recruiting NAFI will make every effort to provide for return placement at no loss in pay, however, such action shall not be construed as constituting mandatory reemployment.

7009. Entitlement to Government Quarters and Facilities

1. NAF employees in positions for which it is necessary to recruit from the United States shall be accorded full membership in the joint overseas military and civilian team to which they make a significant support contribution. Each overseas military commander shall provide facilities under his or her jurisdiction, including Government quarters and family housing, to NAF personnel, in accordance with the policies set forth in reference (e), and other pertinent regulations. The principle of equal treatment of NAF personnel with appropriated fund personnel at equivalent grade levels shall be followed.

2. U.S. citizen and U.S. national NAF personnel traveling on official business may occupy temporary Government quarters, including guest houses, under the same terms and with the same eligibility as appropriated fund personnel.

7010. Medical and Health Services. U.S. citizen and U.S. national NAF employees will have access to the same medical and health service provided appropriated fund personnel, in accordance with references (h), (i), (j), and (k).

7011. Privileges. U.S. citizen and U.S. national NAF personnel shall be afforded the same privileges provided their counterparts who are appropriated fund civilian personnel in the same overseas area, to the extent permitted by country-to-country agreements. These will include but are not limited to commissary, exchange, laundry, transportation, postal services (APO and FPO), recreation, and religious facilities. The basis for extending the privileges of clubs and messes will be according to grade and position responsibility, as determined by overseas commanders.

7012. Home Leave. Home leave is granted on the basis that it is earned by service abroad for use in the United States, Commonwealth of Puerto Rico, or possessions of the United States in the same manner provided appropriated fund personnel, in accordance with reference (a), subchapter 1406.2.2.7, (l), and (m).

7013. Renewal Agreement Travel. Employees who have completed the agreed period of continuous creditable service outside the United States, and outside the employee's place of residence if such residence is in the Commonwealth of Puerto Rico, or in any of the possessions of the United States; and who agree in writing to serve an additional tour of duty at the same or another overseas NAFI, may be authorized renewal agreement travel at the expense of the employing NAFI.

1. Renewal agreement travel is allowed from an employee's overseas post of duty to his or her place of actual residence at the time of appointment or transfer and for the employee's return to the same or another overseas post of duty.

2. Time is not chargeable to leave while in a travel status as long as the travel is by the most direct route.

3. Upon reaching place of actual residence, the employee shall be charged annual leave, home leave, or leave without pay as appropriate.

7014. Emergency Leave and Travel. Emergency leave may be granted to U.S. citizen and U.S. national NAF employees assigned

outside the United States who are entitled to return transportation in cases of emergencies, such as serious injury, illness, or death in the employee's family located in the United States. The period of emergency leave, including travel time, shall be charged to annual leave or sick leave in accordance with chapter 4. If the employee has no accrued annual leave, he or she may be placed in a leave-without-pay status. Such employees may be provided Government transportation on a space-available basis.

7015. Local Holidays in Foreign Countries. Local national NAF employees may be authorized time off to observe certain local national holidays. Such authorization is subject to country-to-country agreements. When all or part of an installation is closed in observance of such a local holiday and, as a result, U.S. citizens/U.S. nationals and third country nationals are thereby prevented from working, they shall be assigned to other work if possible. Otherwise, such employees may be excused without charge to leave or loss of pay.

7016. Employee Benefits. Regular full-time and part-time employees shall, unless otherwise stipulated, be eligible to participate in the health, retirement, insurance, and other benefit programs outlined in chapter 6 and appendix B if they are:

1. Employed on the U.S. payroll, have a Social Security Number or Individual Tax Identification Number, and are subject to U.S. income tax; and

2. Not subject to a Status of Forces Agreement provision that precludes eligibility.

7017. Care and Disposition of Remains of Deceased Employees. All benefits authorized for the care, preparation, and disposition of the remains of deceased U.S. citizen employees of the Department of Defense paid from appropriated funds shall be accorded equally to regular U.S. citizen NAF employees who are employed outside of the CONUS and who are not dependents of U.S. military personnel who would otherwise be entitled to such care and disposition of remains from appropriated funds. All items and expenses authorized to be furnished by the Government on a reimbursable basis shall be billed to and funded by the employing NAFI.

7018. Evacuation of NAF Employees and Family Members. Rules and provisions on evacuations that apply to APF employees shall be extended to NAF employees.

CHAPTER 8

PERSONNEL MANAGEMENT EVALUATION

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CHAPTER 8

PERSONNEL MANAGEMENT EVALUATION

8000. POLICY. Effective civilian personnel support is necessary if the Marine Corps NAFI's are to operate in an effective manner. In order to determine the effectiveness of civilian support, the CMC (MP and MR), will evaluate periodically the offices providing the support.

8001. CRITERIA FOR PERSONNEL MANAGEMENT EVALUATION (PME) PROGRAMS

1. Civilian personnel support offices will be evaluated at least once every 60 months.

2. The CMC (MP) develops NAF PME methodologies consisting of on-site review, use of Inspector General (IG) audits, evaluation through automated data processing means, etc., consistent with their need for information. The methodologies will be reviewed periodically by the CMC (MPO-30) to ensure that the evaluation is relevant to the existing environment.

3. Servicing NAF Civilian Personnel Offices (NCPO) will be evaluated in the following areas:

a. Staffing

(1) Staffing levels should be sufficient to meet the goals of the NAFI following established guidelines and cost effective in relation to mission accomplishment.

(2) Positions should be filled promptly with qualified personnel in accordance with merit staffing regulations in Appendix A.

(3) Management officials should be satisfied with the quality of staffing services and advice provided.

(4) Selections should be made following EEO principles, the NAFI Affirmative Action Plan should be current, and the EEO Program should meet requirements of SECNAVINST's 12713, 12720.1, 12720.5, and command EEO directives.

b. Classification

(1) Jobs should be accurately classified.

(2) Management officials should be satisfied with the quality of classification services and advice provided.

c. Employee Development and Training

(1) Adequate training opportunities should exist to ensure that employees can perform their duties in an efficient manner.

(2) Management officials should actively support the CMC sponsored career and executive development plans.

d. Employee Relations and Benefits

(1) Disciplinary actions should have been effected when necessary and generally supported upon review.

(2) Employee grievances and appeals should have been handled in a timely manner per Chapter 5 of this Manual.

(3) Complaints of discrimination are handled in timely manner per Chapter 2 of this Manual.

(4) Newly hired employees have been fully advised of their retirement, insurance and other benefits.

(5) Both management and employees should be satisfied with the quality of employee relations, services, benefits, advice and assistance provided.

(6) Employees have been informed of the standards of conduct on an annual basis.

e. Labor Relations

(1) The labor-management relationship should be generally healthy with few or no sustained grievances or unfair labor practice charges against management.

(2) Contract negotiations should be conducted in an effective manner, preferably without third party involvement.

(3) Management should be satisfied with the labor relations advice and assistance provided.

f. Pay Administration and Compensation

(1) Pay administration should be effected strictly following the guidance of this Manual and other regulatory criteria.

(2) Annual leave, sick leave and other types of leave should be managed in an equitable and efficient manner.

4. Each area will be rated as sufficient or deficient.

5. Each PME will consist of a written report and may include verbal presentations.

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APPENDIX A

MERIT STAFFING PROGRAM

1. Policy. This appendix establishes merit-based competitive procedures for filling vacant NAF positions per requirements of chapter 2 of this Manual and MCO 12713.6.

2. Responsibility

a. Heads of the local NAFI

(1) Responsible for overall administration of the program for organizations under their control and supervision.

(2) Ensure that the Merit Staffing Program meets the needs of their organization(s).

(3) Approve all recruitment and hiring actions, if not re-delegated.

b. NAF Personnel Office (NPO)

(1) Administer the Merit Staffing Program and maintain required records.

(2) Prepare vacancy announcements and validate qualification requirements of the position.

(3) In consultation with managers, determine the area of consideration, opening and closing dates, evaluation methods, etc., and ensure that copies are distributed for posting on all official bulletin boards throughout the installation.

(4) Develop and implement alternative advertising and recruitment methods.

(5) Evaluate applicants per provisions of the program.

(6) Provide training and publicity for the program.

(7) Counsel managers, supervisors, and employees on all aspects of the program.

c. Managers and Supervisors

(1) Comply with the provisions of the program.

(2) Ensure that approved requests for recruitment actions are, insofar as feasible, received in NPO well in advance of the desired employment date.

(3) Ensure that proper and equal consideration is given all referred candidates.

(4) Serve on rating and ranking panels as subject matter experts and recommend the most suited and best-qualified candidate for selection by the head of the local NAFI or designee.

(5) Ensure that their employees are informed of vacancies. (Every effort should be made to inform employees who are absent from duty for legitimate reasons; i.e., on TAD, training courses, military duty, etc., of vacancies.)

d. Employees

(1) Become familiar with the program.

(2) File timely applications for announced vacancies for which qualified and interested.

(3) Serve on rating and ranking panels as subject matter experts as requested.

3. General. The basic merit staffing principle is "finding the most suitable and best qualified person available for the job."

a. Identification, qualification, evaluation, and selection of applicants shall be based solely on job related criteria without regard to political, religious, or labor organization affiliation or nonaffiliation, marital status, race, color, sex, national origin, nondisqualifying physical handicap, or age.

b. The DoD Program for the Stability of Civilian Employment ("Stopper List") is not applicable to NAF.

c. Spouse preference eligibles and Transition assistance eligibles must be selected if among a list of best-qualified candidates referred for selection in accordance with chapter 2 of this manual. Veterans receive preference after spouse preference and transition assistance eligibles, and veteran's preference is limited to initial hiring only.

d. The head of the local NAFI or designee, at any time, is authorized to appoint individuals non-competitively in all actions excluded from the Merit Staffing Program.

e. The head of the local NAFI or designee, is authorized to change or cancel a vacancy announcement at any time or nonselect referred candidates

4. Coverage. Merit staffing procedures will be applied to the following actions and all promotions (unless excluded in paragraph 6 below).

a. Temporary promotion to a position at a higher grade or level or a position with known promotion potential for more than 6 months.

b. Reassignment or demotion to a position with more promotion potential than the employee's current position.

c. Selection of an employee from another DoD NAFI for a position at a higher grade or level.

d. Reinstatement of a former employee to a continuing position at a higher grade or level than that previously held under a regular appointment with no time limit.

e. Movement to positions in other (higher) employment categories,e.g., flexible to regular, even when the position is in the same classification level.

f. Promotion of an employee whose position is reclassified to a higher grade or level due to accretion of duties with supervisory duties added to a previously classified

nonsupervisory position.

5. Exclusions to Merit Staffing Procedures

a. Promotion resulting from the upgrading of a position due to the issuance of a new classification standard or the correction of an initial classification error.

b. Promotion of an employee whose position is classified at a higher grade or level due to accretion of duties.

c. Promotion of an employee in a position with known promotion potential when competition was held at an earlier date.

d. Temporary promotion of 6 months or less to a position at a higher grade or level or position with known promotion potential.

e. Re-promotion of an employee who was demoted through no fault of the employee and not at the employee's request, to a level no higher than that from which demoted.

f. Transfer, transfer of function, or reinstatement of a NAF employee to a position with known promotion potential which is no higher than (or has the same promotion potential as) the last held continuing position.

g. Reassignment or change to lower grade or level of a current employee to a position with no higher potential than the currently held continuing position.

h. Placement of an employee who did not receive proper consideration in a prior competitive action due to a procedural, regulatory or program violation.

i. Recruitment for flexible positions.

j. Reinstatement. A former and otherwise eligible DOD NAFI employee may be reinstated to any NAFI position on a non-competitive basis as long as the employee's separation was not for cause. The employee did not resign while under oral or written notice of management's intent to propose separation for cause. The vacant position is in a classification level no

higher than any NAF position previously held by in a prior regular appointment. Reinstatement to higher classification levels must be made on a competitive basis.

k. Conversion to NAF employment per chapter 2. of this Manual.

6. Controls on Exclusions

a. Accretion of Duties. Noncompetitive promotions taken under this exclusion must meet the full definition of accretion of duties.

b. Temporary Promotions

(1) A temporary promotion shall not be used as a means of training or evaluating an employee in a higher graded position.

(2) A temporary promotion (may be made permanent without further competition only if it was originally made under merit staffing procedures and the fact that it might lead to a permanent promotion was made known to all potential candidates).

7. Merit Staffing Procedures

a. Managers and supervisors obtain appropriate approval to fill vacant positions and forward approvals (with an accurate position description attached) to the NPO for recruitment. A classification review is required prior to recruitment if major duties have changed, or recruitment is requested at a higher grade than the target grade previously established for the position.

b. The NPO will prepare and distribute vacancy announcements, evaluate candidates against qualifications and other stated selective factors, and compile a referral list of qualified or best qualified applicants.

c. The NPO may convene a rating and ranking panel, using a crediting plan to determine highly qualified candidates.

d. The NPO will forward the referral list, along with applications, to the appropriate manager or supervisor for

review.

e. Candidates eligible for noncompetitive appointment will also be identified on the referral list.

f. Managers and supervisors will review applications of the referred candidates and make a recommendation for selection. If an interview is desired, the NPO will be contacted to coordinate interviews for those candidate(s) identified.

g. Managers and supervisors may interview candidate(s) and forward recommendations to the head of the local NAFI or designee, via the NPO.

h. The head of the local NAFI or designee, will review the referral list, the recommendations, and notify the NPO of the decision.

i. The NPO will notify the manager or supervisor of the decision, contact the selected candidate, and complete all appropriate administrative documentation. Nonselected candidates will receive an appropriate written notification.

8. Methods of Locating Candidates

a. Source of Candidates. In addition to posting vacancy announcements on official bulletin boards, candidates may be solicited through paid advertising, other media sources, state employment services, employee referral programs, etc. CMC (MR) will publicize vacancy information via electronic message to all Marine Corps NAFI's, the Army and Air Force Exchange Service (AAFES), Navy Exchange Command (NEXCOM), and Bureau of Naval Personnel (BUPERS).

b. Announcing Vacancies. As a minimum, vacancies to be filled through merit staffing procedures will be advertised via a vacancy announcement. Vacancy announcements shall contain sufficient information for candidates to determine the opening and closing dates (minimum of 5 working days); salary; what the area of consideration is; what the duties of the job are; what qualifications are required; and what the applicants must do in order to apply. The duration of the advertisement must be

consistent with the area of consideration.

c. Rejection of Applications. Applications may be rejected when:

(1) Outside the area of consideration stated in the vacancy announcement.

(2) Sufficient information upon which to make a qualifications determination is unavailable, or a determination is made that the applicant does not meet the minimum qualifications.

(3) Information contained in the application has been falsified.

(4) The application was received after the closing date or the selection list was forwarded for final action, if there was no closing date on the announcement.

9. Evaluation of Candidates

a. General

(1) When there are five or more qualified candidates for Nonappropriated Fund (NF) positions at level NF-4, or above, they shall be formally rated and ranked against the qualifications requirements of the position and any other stated selective factors.

(2) When rating and ranking candidates on the basis of training, education, and experience, a crediting plan shall be used to document results.

(3) The NPO will be involved with every phase of the evaluation process.

(4) When available, the last official performance appraisal may be considered in the rating process.

b. Rating and Ranking Panels

(1) Rating and ranking panels may be utilized when evaluating five or more candidates for NF positions at level NF-4, or above, unless specifically required by special program requirements (e.g., the SMP, intern programs, career programs, upward mobility, etc.).

(2) Rating and ranking panel membership shall consist of at least two individuals, one of whom shall be a subject matter expert with other members having some knowledge of the qualifications and duties of the position. The NPO representative will act as an advisor to instruct in the proper methods for rating and ranking candidates. The selecting official is prohibited from serving on the rating and ranking panel.

(3) Candidates eligible for noncompetitive selection may be referred on a separate list. They may be referred before rating and ranking of competitive promotional candidates or at any other point in the competitive process.

(4) If the selecting official desires, all qualifications information and rating and ranking panel results may be provided to assist in the decision making process.

c. Interviews. Interviews are optional. When desired, the manager or supervisor of the position being filled, should contact the NPO to coordinate interviews. The manager or supervisor may select any or all of the candidates from the referral list for interview. However, this does not preclude the selecting official from conducting further interviews. There is no requirement for interviews to be conducted in panels.

d. Referral List. The NPO will forward the referral list, along with applications, to the appropriate manager or supervisor for review. All new applicants forwarded to a selecting official must have taken the Reid Assessment Questionnaire. Current employees at the local activity are exempt from taking the pre-employment questionnaire. Also, if an applicant has worked for an MCCS activity within the last six months taking the pre-employment questionnaire is not necessary.

10. Selection. The head of the local NAFI or designee, will review the recommendations from the supervisor or manager of the position being filled.

a. The head of the local NAFI or designee, may select the recommended candidate, or select from among other candidates on the referral list, or nonselect all candidates. Each candidate referred shall be given full consideration and the selection made based on who will best fill management's needs, in terms of productivity and total objectives of the organization, including affirmative action and equal opportunity.

b. The head of the local NAFI or designee, when filling supervisory or managerial positions, must give consideration to candidate's "willingness to support the EEO program."

c. The NPO will provide official notification to selected applicants.

11. Release of Employees. Employees selected are to be released within 2 weeks, except in unusual circumstances, but no later than 30 days.

12. Records. The NPO will maintain a record of each selection process sufficient to allow reconstruction of the action (e.g., names and applications or resumes of all candidates who applied, annotations of qualifications determinations, rating and ranking determinations, interview results, a copy of the list of candidates referred, etc.). Each record must identify the position and the method by which it was filled. These records will be maintained for 2 years or until a Personnel Management Evaluation by Personal & Family Readiness Division (MRB-1) has been completed, whichever occurs first. Cases involving discrimination complaints will be retained for 2 years after final disposition of the case.

13. Disclosure of Merit Staffing Information. Managers and supervisors shall not disclose or discuss the selection process or reasons for decisions with applicants. Disclosure of such information must be in accordance with the Privacy and Freedom of Information Acts and will be coordinated through the NPO.

APPENDIX B

RETIREMENT AND INSURANCE SUPPLEMENT

1. Credited NAF Employee Service. After attaining eligibility for an annuity, the following, if applicable, shall be added to arrive at total credited NAF employee service for computing the amount of the annuity.

a. Unused Sick Leave. Unused sick leave that has been accumulated by an employee at the time of his or her retirement shall be added to the employee's period of credited service in order to determine the total period of credited service. One hundred seventy-three hours will equal one month's service for calculation purposes.

b. Military Leave of Absence. During the time an employee is carried on leave without pay because of interruption of his or her credited NAF service by honorable active U.S. military service, he or she remains in a continuous service status, not to exceed 5 years, provided the employee returns to civilian NAF employment within the prescribed period of time (generally service less than 31 days requires reporting not later than the beginning of first full regularly scheduled work period on first calendar day following completion of period of service; any length of time for purposes of an examination for fitness; services of 30 days but less than 181 days, submit application within 14 days of completion of service; service more than 180 days, submit application not later than 90 days after than completion of service), and provided the employee was enrolled prior to leaving for military service and re-enrolls upon return to civilian service. Duplicate NAF service credits will not be granted for the same period of time.

c. Prior Military Service. Up to five years of prior honorable military service credit can be "purchased" for retirement plan purposes. This service will not be considered in determination of vesting but only upon retirement for the calculation of an immediate annuity. Employees receiving or entitled to a pension for retirement from military service are

not eligible under this provision. Voluntary Service Incentive or Serviceman's Separation Benefit payments are not considered annuities. Employees receiving military service credit for the same period under another employer's retirement system are not eligible. Non-active reserve service is not considered creditable service under this provision. Upon employment at a Marine Corps NAF, the individual must provide a record of their military service within ninety days, including the taxable earnings for the period in question. To receive credit for this service, the employee must deposit an amount equal to the employee and employer share of group retirement plan costs, but in no case less than 5.15 percent of these earnings, within two years of employment in an eligible position. Service will not be credited on the employee's retirement account until the deposit is made. If a member dies while employed and before making a sufficient contribution to the plan, the member's survivor or beneficiary may contribute the outstanding amount to the plan in a lump sum payment.

2. Amount of Annuity at Normal (Age 62) or Deferred Retirement. The amount of yearly retirement annuity payable to an employee, commencing at his or her normal or deferred retirement date shall be the amount of the annuity formula reduced by the social security offset. When the amount of the yearly annuity is computed on a basis of other than the annuity formula reduced by the social security offset, multipliers shown in paragraph 2.b., below, may be adjusted so that the annuity, when added to social security, shall be at least equal to the results of the application of the annuity formula reduced by the social security offset.

a. "High-3" Average Compensation. "High-3" average compensation means the highest average rate of basic annual compensation for any 36 consecutive months for which contributions were made to the employee retirement program.

b. Annuity Formula. The sum of the annuity formula (explained in subparagraph 2.b (1) and 2.b (2) below) shall not exceed 80% of the high-3 average in paragraph 2.b (3).

(1) For each of the first 10 years of credited service, 1-1/2 percent of "high-3" average compensation or, if greater,

percent of "high-3" average compensation plus $25.

(2) For each year of credited service after the 10th year, 2 percent of "high-3" average compensation or, if greater, 1 percent of "high-3" average compensation plus $25.

(3) Eighty percent of "high-3" average compensation.

c. Minimum Annuity. A minimum annuity shall be provided only to the degree necessary to prevent lower compensated vested plan participants from retiring without an NAFI-sponsored annuity. A members minimum retirement benefit shall be the greater of:

(1) The benefit calculated under paragraph 2.b as applicable; or

(2) .05% of Highest three-year Earnings times the number of Plan Years (including fractional years) during which the Member was an Active member in the Plan.

d. Social Security Integration - Social Security Offset. NAF pension plan benefits will be subject to integration with Social Security benefits. Integration will be accomplished by the Social Security offset method whereby a person’s pension is reduced by an appropriate percentage of the person’s Social Security benefit.

(1) A reduction or elimination of the Social Security offset to a NAF plan, without making other changes to the plan, would increase the amount of the plan’s pensions (see Chapter 6, paragraph 6004).

(2) The CMC (MR) will periodically review the plan pension integration and basic annuity computation formulas and make changes as appropriate.

e. Retention of Accrued Credited Service for Retirement Annuity Purposes

(1) When a Marine Corps NAF employee, who is participating in the retirement plan, terminates employment (for

reasons other than retirement) and is employed by another DoD NAFI within 90 calendar days, and the gaining NAFI offers a different retirement plan, the employee may carry forward his or her credited service accrued for retirement annuity purposes. The employee shall carry forward all prior credited service as accrued up to the date of termination or subsequent termination.
(Exception: If the gaining NAFI retirement Plan does not cover part-time employees, then crediting part-time service from a different NAFI is not required.)

(2) Upon retirement from the gaining NAFI, the employee's retirement annuity shall be the same as if the entire period of combined creditable RFT NAF service had been creditable under the gaining NAFI's retirement plan. The retirement annuity so determined under the gaining NAFI's retirement plan shall then be reduced by the amount or amounts that would be payable under the losing NAFI's retirement plan or plans. When an employee terminates employment with the losing NAFI before becoming vested, the employee will not be entitled to any benefits from the losing NAFI, except for a withdrawal of his or her own contributions. However, credited service rendered for the losing NAFI shall be carried forward and counted when determining the employee's accrued benefits and shall further be counted in determining the employee's position on the vesting schedule of the gaining NAFI's retirement plan. However, the position on the vesting schedule is not applicable for determining any eligibility for a disability annuity, as the requirements for such vesting are those of the gaining NAFI's retirement plan only. When such terminated employee withdraws his or her contributions before becoming vested, the retirement benefits due from the gaining NAFI plan shall be reduced and offset by the amount as specified in subparagraph 2.e (2) (d), below.

(a) The retirement annuity for such an RFT NAF employee shall be computed using the gaining NAFI's retirement plan computation. It shall be based on all accrued credited service as rendered under the prior employee retirement plan or plans, plus all service creditable under the gaining NAFI's retirement plan or plans. The losing NAFI shall transfer such data as required to the gaining NAFI in accordance with subparagraph 2.e (2), above. The gaining NAFI shall disregard

any service rendered in a part-time capacity, if such service is not otherwise credited for its own part-time employees.

(b) The resultant annuity, based on all credited service (including service rendered before the employee became vested) shall be offset by the amount or amounts which would be payable under the losing NAFI retirement plan or plans, at age 62, without regard to whether the employee has or has not withdrawn his or her prior contributions and after application of the social security offset. If the employee is 62 at the time of termination from the losing NAFI, the amount of the offset shall be that amount which would be payable if the employee had retired and commenced immediate receipt of the annuity at the time of that termination.

(c) For purposes of determining the offset mentioned in subparagraph 2.e (2)(b), above, the annuity amount accrued during the prior periods of employment shall be as reported in accordance with subparagraphs 2.e (3)(c) or 2.e (3)(d), below. The actual calculation shall be based upon the annuity formula in effect at the time of termination of employment from the prior NAFI. In calculating this annuity, the social security offset shall be applied as of the date of termination. To the extent that an employee was not vested at his or her prior termination date from a losing NAFI, the annuity amount for which the losing NAFI shall be liable, assuming such employee withdrew his or her contributions, shall be equal to zero. However, as stated in paragraph 2.e (1), above, credited service shall be carried forward and counted when determining the employee's accrued benefits with the gaining NAFI, subject to the offset provided in subparagraph 2.e (2)(d), below.

(d) If an employee was not vested at his or her prior termination from a losing NAFI and when such terminated employee withdraws his or her prior contributions, the gaining NAFI shall reduce benefits otherwise due by an offset. The offset shall be equal to the annuity amount which the employee's own contributions would have been sufficient to fund for him or her, assuming such contributions had continued on deposit since initially contributed.

(3) In the case of each affected, or potentially.

affected, employee, it is the responsibility of the gaining NAFI retirement plan administrator to request from the counterpart losing retirement plan administrator or administrators, a statement setting out:

(a) The employee's name (last, first, MI), social security number, date of birth, beginning and ending periods of NAFI RFT employment, RPT employment, and number of years (including partial years) of accrued credited service for annuity accrual purposes under the losing DoD Component's NAF retirement plan

(b) The salary or wage history of the employee, including an explanation of the years used in calculating average compensation upon which the annuity calculation is based.

(c) The actual calculation of the resultant accrued annuity amount, assuming commencement of such benefit at age 62. If a terminating employee previously withdrew his or her employee contribution, two separate calculations shall be provided as follows:

1 The annuity such participant would have received had he or she left all employee contributions in the plan (this amount shall represent the amount of the actual offset to such gaining NAFI's retirement plan).

2 The annuity amount actually due the employee, if any, and the date benefits are scheduled to commence.

(d) If a terminated employee was not vested at his or her termination date, the losing NAFI shall specify the annuity amount that the employee's own contributions would have been sufficient to fund for him or her, assuming such contributions had continued on deposit since initially contributed. In addition to specifying this amount, the losing NAFI shall further specify to the gaining NAFI whether or not a benefit is actually due for contributions not previously withdrawn.

(4) It is the responsibility of the losing NAFI retirement plan administrator to provide promptly the above data upon request. If prior knowledge indicates that the data is

needed, the losing NAFI shall furnish any data necessary to provide full and fair disclosure to the gaining NAFI. In the event a terminated employee was not vested at the time of termination, the losing NAFI shall provide the information required in subparagraphs 2.e (3)(a) and 2.e (3)(d), above.

(5) The gaining NAFI retirement plan administrator shall record the applicable employee statistics as supplied in subparagraphs 2.e (3)(a) through 2.e (3)(d), above, in the affected employee's retirement plan records and apply the offset when retirement annuity payments commence. If retirement benefits are to commence before age 62, the gaining NAFI shall actuarially reduce the amount of the offset (to be applied from the losing NAFI or NAFIs) so as to reflect the early payments of benefits.

(6) The gaining NAFI shall notify the losing NAFI or NAFIs of the employee's actual retirement date and the date annuity benefits are to commence. Under standard practice, an employee shall be eligible to withdraw his or her own contributions from the losing NAFI retirement plan but the employee shall not be eligible to receive his or her retirement benefits from the losing NAFI retirement plan or plans until actual retirement from the gaining NAFI.

(7) The above portability shall not apply to a terminating employee who is eligible and has since commenced receiving, or is about to receive, a retirement annuity from the losing NAFI plan. In this event, the employee shall be considered a new employee with the gaining NAFI.

(8) The losing NAFI shall not transfer and the gaining NAFI shall not require the transfer of any pension assets to accomplish the intent as outlined here.

3. Survivor Benefits. Survivor benefits may be provided in one or more of the following forms:

a. Survivor's Annuity on Death of Employee

(1) Eligibility. If an employee dies while employed, and after completion of at least 60 months participation in the

pension plan, an annuity may be payable to the surviving spouse. The spouse must have been married to the employee for at least one year immediately preceding the employee's death or be the parent of a child born of the marriage, and must be the named beneficiary for retirement purposes.

(2) Amount of Survivor Annuity on Death in Service. The amount of the survivor annuity payable to an eligible surviving spouse shall be 55 percent of the greater of the amounts determined under subparagraphs 3.a (2)(a) or (b), below, minus (c), below:

(a) The Annuity formula without reduction for age of employee at time of death.

(b) The lesser of the amounts determined below:

1 Forty percent of the employee's "high-3" average compensation.

2 the annuity formula after increasing credited service by the period from the employee's date of death to age 60.

(c) One hundred percent of any surviving spouse's benefit or parents benefit currently payable under the Social Security Act.

(3) Adjustment of Amount of Survivor Annuity. The amount of survivor annuity shall be adjusted upon commencement, cessation, or re-commencement of a surviving spouse's benefit under the Social Security Act. The amount of the survivor's Social Security income award shall be applied automatically as an offset when the surviving spouse becomes 60 years old or, if later, upon the death of the employee without regard to whether the surviving spouse actually elects to commence receipt of it. The amount may not be adjusted because of changes in the social security benefits created by an amendment to the Social Security Act or by automatic increases in social security benefits reflecting increases in the Consumer Price Index.

(4) Duration of Payment of Survivor Annuity Following

Death in Service. The surviving spouse's annuity payments are payable as of the 1st day of each month following the employee's death. Payments shall continue until the last monthly payment before the earlier of the following dates:

(a) The death of the surviving spouse.

(b) The date of remarriage of the surviving spouse if such marriage occurs before age 60.

(5) Conditions for Termination and Re-commencement of Survivor Annuity (Death in Service). A survivor annuity that is terminated because of remarriage before age 60 may again become
payable if the remarriage is terminated by death, annulment, or divorce and if the surviving spouse repays any lump-sum benefit that was paid upon termination of the annuity. Such repayment may be made by withholding the annuity payable until the lump-sum benefit paid is satisfied.

b. Survivor's Annuity on Death of Annuitant After Retirement

(1) Eligibility

(a) If an employee is married when he or she retires, unless the employee elects not to provide for a surviving spouse annuity, his or her annuity is automatically reduced actuarially and a survivor annuity shall be payable to the surviving spouse. The plan may provide for a uniform 10 percent reduction instead of an actuarial reduction.

(b) If an employee is not married when he or she retires, the employee may elect an annuity with a survivor benefit provided proper medical authority recommends to the CMC (MR) that the employee is in good health for his or her age. In such event, the employee's annuity shall be reduced actuarially and an annuity shall be payable to the child (or children) or another person having an insurable interest designated by name.

(2) Amount of Survivor Annuity (Death after Retirement). The amount of the survivor annuity shall be 55 percent of all of the employee's annuity, calculated as follows:

(a) If the employee retires at or after age 62, the

amount payable to the surviving spouse shall be 55 percent of the portion of the employee's annuity elected as the basis for surviving spouse annuity. This 55 percent factor shall be calculated against the employee's annuity before the 10 percent or actuarial reduction is made so as to provide for survivor annuity as prescribed in paragraph 3.b (1), above.

(b) Upon retirement before age 62, the employee may designate all of his or her annuity as the basis for surviving spouse annuity.

(c) If the employee should die before attaining age 62, the surviving spouse annuity shall be reduced (as of the 1st day of the month coincident with or immediately following the date on which the employee would have attained age 62) by 55 percent of the amount of social security offset that would have been applied to the employee's annuity had the employee lived to age 62.

(d) If the employee dies after age 62, at which time his or her own annuity shall have been reduced by discontinuance of the temporary portion, the surviving spouse annuity shall be 55 percent of the employee's lifetime annuity.

(e) When the employee does not have a spouse and elects an annuity with a survivor benefit to a child (or children) or other named person having an insurable interest, the annuity for the designated survivor (or the annuity to be divided among two or more designated children) shall be 55 percent of all or any portion of the employee's lifetime annuity that he or she elects as a base for the benefit remaining after the reduction for the survivor annuity.

(f) In the event of early retirement (that is, before age 62) and when the retirement plan provides for social security offset, the survivor annuity shall be calculated at 55 percent of the applicable portion of the employee's lifetime annuity (that is, the amount of the employee's annuity that would be payable after application of the social security offset at age 62, regardless of whether the employee dies before or after age 62).

(g) If two or more children have been designated by name, the total amount of survivor annuity payable shall be

proportionately reduced until the death of one or more of those designated who were living on the date the employee's retirement annuity became payable, whether such death occurs before or after the death of the employee.

(h) If the death of a disability annuitant occurs, the surviving spouse benefit shall equal 55 percent of the elected portion of the employee's annuity before social security offset, less 100 percent of any surviving spouse's benefit payable under Social Security. (A disability annuitant may designate only a spouse for survivor annuity.)

(i) When the employee's annuity is computed on a basis other than the annuity formula reduced by the social security offset (see subparagraph 3.b (2)(d) above), in the case of a provision for the surviving spouse annuity, the computation of the 55 percent shall be applied to the annuity before the 10 percent or actuarial reduction, and in the case of a provision for a child (or children) or other named person, after application of that reduction.

c. Lump-Sum Death Benefit. This benefit applies only when the employee's contributions with interest exceed the annuity paid or payable.

(1) Amount. The amount of any lump-sum death benefit when an annuity is not payable, shall be equal to subparagraph 3.c (1)(a) minus 3.c (1)(b) below:

(a) The employee's contributions to the plan, with interest, to the earliest of the 1st day of the month in which the employee's death occurs, or the date annuity payments become payable to the employee.

(b) The sum of all annuity payments made to the employee or a survivor, whether the survivor is a surviving spouse or children designated by name or another person having an insurable interest.

(2) Events Warranting Lump-Sum Payment. A lump-sum death benefit, if any, becomes payable on a date determined as follows:

(a) When no survivor annuity is payable, the date of death of the employee.

(b) When a survivor annuity is payable, the date of death of the last survivor to whom an annuity is payable or, if earlier, the date on which a survivor annuity ceases because of remarriage before age 60.

(c) When a surviving spouse would qualify for a survivor annuity upon or after the death of an employee, but no survivor annuity would be payable because the social security benefit provides the full amount or more, a lump-sum death benefit shall be payable to the spouse. In such circumstances, if a survivor annuity becomes payable at a later date because of cessation of social security benefits, the survivor shall be required to refund the amount of any paid lump-sum death benefit. Repayment may be made by withholding the annuity payable until the paid lump-sum benefit is satisfied.

4. Disability Benefits

a. Amount. The amount of the disability benefit shall be equal to the greater of the amounts determined under subparagraphs 4.a (1) or 4.a (2) minus 4.a (3), below:

(1) The annuity formula - without reduction, regardless of the employee’s age.

(2) The lesser of the amounts determined under subparagraphs 4.a (2)(a) or 4.a (2)(b), below:

(a) Forty percent of the employee’s "high-3" average compensation

(b) The annuity formula after increasing credited service by the period from the employee’s date of separation for disability to age 60.

(3) One hundred percent of any benefit to which the employee is entitled under the Social Security Act, provided that on or after the date the employee attains age 62, this amount shall be no less than 12 times the monthly primary Social

b. Option B

(1) An employee who has completed 5 or more years of credited service and has attained the age of 30 shall receive an annuity at normal retirement age based on his or her and the employer's contributions.

(2) If the amount of annuity payable would be $600 per year, or less, a one-time lump-sum payment of equivalent actuarial value may be made instead.

(3) An employee who has elected Option B may elect to have his or her annuity begin on the 1st day on any month during the 10-year period immediately preceding his or her normal retirement date. In this case, however, the employee's annuity shall be reduced at the rate of one-third of 1 percent for each month (4 percent each full year) by which the elected annuity commencement date precedes age 62.

6. Discontinued Service Benefit. If an employee's position is eliminated due to a Business Based Action (not termination for cause), and such employee retires:

a. On or after his fiftieth birthday and the completion of at least twenty years of Credited Service or;

b. At any age with the completion of at least twenty-five years of Credited Service;

his Base Retirement Benefit will be the amount determined under paragraph 2.b. based on his service and earnings at retirement, but reduced by one-sixth of one percent for each month (two percent for each year) to which the employee's retirement precedes his fifty-fifth birthday.

7. Group Life Insurance

a. Life insurance shall be provided in an amount equal to an employee's annual pay rounded to the next higher thousand plus $2,000.

b. Employee Optional Life Insurance is provided in an amount equal to an employee's annual pay rounded to the next higher thousand plus $2,000. The full cost of this coverage is borne by the employee.

c. Family Optional Life Insurance is provided in the amount of $5,000 for a spouse and $2,500 for each eligible covered child. The full cost of this coverage is borne by the employee.

8. Accidental Death and Dismemberment. This coverage shall be furnished in an amount equal to the life insurance coverage subject to the customary schedules for dismemberment and the usual exclusions, including physical or mental infirmity or disease, ptomaine or bacterial infection, medical or surgical treatment (unless made necessary by a covered injury), suicide, or intentionally self-inflicted injury, or war or any act of war.

9. Comprehensive Medical Expense

a. Comprehensive Medical Expense Benefits. Comprehensive medical expense benefits cover medical expenses that result from serious or prolonged disabilities as well as from ordinary injuries or diseases, regardless of the number of injuries or diseases suffered. Benefits shall not only be payable for expenses arising in the hospital, but also for medical charges that are not a part of the hospital bill.

b. Amount of benefits. The amounts of benefits shall always be paid after consideration of reasonable and customary expenses:

(1) High Option

(a) Eighty percent of allowable hospital expense incurred in any calendar year,

(b) Eighty percent of surgical expenses incurred in any calendar year, in excess of a deductible (see subparagraph 9.b (1)(d) below).

(c) Eighty percent of other medical expenses in excess of a deductible in any calendar year. However, for excess expenses that are for treatment of a mental or nervous disorder

while not confined in a hospital as an inpatient, the benefit shall be 50 percent.

(d) Deductible: $200 deductible shall be applied to each insured employee and dependent before "other medical expenses" qualify each calendar year. The maximum family deductible shall be three times the individual deductible per calendar year.

(2) Preferred Provider Option (PPO). Where geographically available, PPOs have been implemented. PPOs enabled plan participants to visit participating in network providers for a minimal co-pay. The charges are discounted by the PPO and the provider agrees to accept the discounted rate. The participant is not required to pay the balance.

(3) Prescription Plan. A prescription card plan is available at all locations except Japan. This plan enables a participant to purchase prescription drugs with minimal co-pay. There is no deductible when the prescription card is used. There is higher co-pay for brand name drugs then for generic brands. A mail order plan is available at all locations (if an U.S. address is used, i.e., FPO for overseas). The co-pay for mail order prescriptions is minimal per prescription. There is no deductible when mail order is used. Overseas locations are subject to $50 prescription deductible and 80-20 co-pay for all non-mail order prescriptions.

(4) Low Option

(a) Twenty-five percent of allowable hospital expenses incurred in any calendar year

(b) Twenty-five percent of surgical expenses incurred in any calendar year, in excess of a deductible (see subsection 9.b (4)(d), below).

(c) Twenty-five percent of other medical expenses in excess of a deductible in any calendar year.

(d) Deductible: $100 deductible shall be applied to each insured employee and dependent before "other medical expenses" qualify each calendar year.

(5) MEDICARE Supplement

(a) After deductible, benefits are payable to the extent not reimbursed by MEDICARE and then at a maximum of eighty percent.

(b) Medicare Explanation of Benefits will be required on each bill filed under this supplement.

(c) Deductible. $200 deductible shall be applied to each insured retiree and dependent each calendar year.

(d) Available Only to Retirees. No active employee or dependent may be enrolled in a MEDICARE Supplement.

c. Lifetime Benefit. For any plan offered, including low- option type plans, the lifetime benefit for all incurred covered medical expenses combined shall be unlimited. This unlimited lifetime amount applies separately to each insured family member.

d. Second Surgical Opinions. Each plan, including low- option type plans, shall reimburse 100 percent of the expense incurred for a second surgical opinion, and a third one, if the first two opinions do not agree. Optional - not mandatory.

e. Catastrophic Coverage. Each plan, including low-option type plans shall provide a maximum-out-of-pocket limit so that when any insured family member's costs exceed a predetermined fixed amount, the plan will pay 100 percent of that person's costs for the rest of the calendar year. There shall be a maximum-out-of-pocket limit for the family so that when a family's total costs exceed a predetermined fixed amount, the plan will pay 100 percent of the family's costs for the rest of the calendar year.

f. Coordination With Other Benefits. The medical expense benefits program is designed to help meet the cost of disease or injury. Since it is not intended that greater benefits be received than the actual medical expenses incurred, the amount of benefits payable under the program shall take into account any coverage a family member has under other group plans; that is,

the benefits under this program shall be coordinated with the benefits of the other group plans.

g. Effect of MEDICARE. The coordination of MEDICARE with NAF employee benefit provisions shall be in compliance with currently applicable laws, rules, and regulations.

h. Dependents. The following categories of dependents shall be eligible for coverage under the comprehensive medical benefits programs:

(1) The employee's spouse.

(2) Unmarried children under age 19.

(3) Unmarried children under age 23 who are full-time students and also receive their support from the employee. Verification of attendance at an accredited school will be required each fall by the Third Party Administrator (TPA).

(4) Dependent children between the ages of 19 and 23 that are forced to leave full-time student status due to physician mandate because of illness will be authorized to reenroll in the Standard Medical Plan within 31 days of physician release to return to school.

(5) A child of any age who is physically or mentally handicapped and who depends on the employee for support, if the handicap existed before the child's 19th birthday, or 23rd birthday if the child met the conditions of the previous subparagraph (3) at the time he or she became handicapped.

(6) The term "children" shall include the employee's natural children, adopted children, stepchildren, foster children, and other children who are dependent upon the employee for support and live with the employee in a regular parent-child relationship.

i. Extension of Coverage. At the option of the CMC (MR), if a covered employee loses eligibility for comprehensive medical expense coverage for any reason except voluntary cancellation, he/she may continue to be insured for medical expense coverage

for the 12-month period immediately following the date he or she ceases to be eligible, if he or she:

(1) Makes application for such extended coverage before such date

(2) Monthly pays employee's and employer's share of the premium; and

(3) Has been continuously insured under the policy during the three months immediately preceding the date eligibility ceases.

j. Premium Payment. The premium payable shall be at the then applicable full group rate of the policy. No evidence of insurability or medical examination shall be required to continue such coverage.

Note: NO MEMBER OF THE UNIFORMED SERVICES IS ELIGIBLE FOR COVERAGE UNDER THE PLANS DESCRIBED HEREIN, WITH THE EXCEPTION THAT IF A SPOUSE OF A MEMBER OF THE UNIFORMED SERVICES, WHO IS ELIGIBLE FOR EMPLOYEE BENEFITS, ELECTS TO COVER THE SERVICE MEMBER UNDER THE FAMILY OPTIONAL LIFE INSURANCE PROGRAM.

10. Dental Program. The dental program provides coverage for reasonable and customary expenses in the following manner for you and your covered family members:

a. Preventive Services & Supplies - covered at one hundred percent with no deductible;

b. Diagnostic & Therapeutic Services - covered at eighty percent after the current plan year deductible for each covered person;

c. Restorative Services & Supplies - covered at eighty percent after current plan year deductible per year, per covered person;

d. Prosthodontic Services & Supplies - covered at fifty

percent after current plan year deductible per year per covered person;

e. Orthodontic Services & Supplies - covered at fifty percent with no deductible

f. Once enrolled in the dental plan, you must remain enrolled for twenty-four months. After 24 months, if you elect to cancel your dental coverage, you will not be permitted to re-enroll until twenty-four months have elapsed and then only at the next open enrollment period.

11. Conversion Privileges. When by reason of termination or other change in his or her employment status, an employee is ineligible to continue to participate in the group life insurance or group medical plan, conversion privileges to individual life policies or individual medical expense policies shall be made available, in accordance with the conditions of the insurance policy in force. Life insurance and medical expense policies, if converted to individual policies within 31 calendar days of termination of the group life or group medical plan coverage, shall be issued without medical examination and at the insuring company's or companies' regular rates for individual life insurance or medical expense benefits plans. The whole cost of such insurance shall be borne by the insured.

12. Waiver of Benefits. Eligible employees who decline to enroll or participate in the retirement plan, the comprehensive medical expense plan, the life insurance plan, the accidental death and dismemberment plan, or the disability plan, shall be required to sign a waiver. The signed waiver, or a memorandum for the record signifying the employee's refusal to sign a waiver, shall be placed in the employee's Official Personnel Folder.

13. Cancellation of Benefits. Section 125 of the IRS code allows payment of medical/dental premiums with pre-tax dollars. Implementation of this tax deferral opportunity requires compliance with certain provisions of the tax code. The change in status of coverage is only authorized when in conjunction with a 'qualifying' event. An example of a qualifying event would be, but is not limited to:

a. Legal marital status; through marriage (for spouse coverage only); divorce, legal separation, or annulment;

b. Number of dependents; through birth, adoption, legal guardianship, death of dependent;

c. Employment status; through termination, or commencement of employment by employee, spouse or dependent

d. Work schedule; through status change to flexible

e. Dependent status; through ceasing to qualify due to age, student status, or other requirements to qualify as covered dependent.

14. Benefits for Retirees. The following insurance benefits may be provided to eligible retired employees. The CMC (MR) will determine financial responsibility for monthly cost of these benefits.

a. Life Insurance

(1) Eligibility. When an employee retires at age 52 or later, with at least 15 or more years of accumulated participation in the group life insurance program for active employees, and is eligible for an immediate annuity under the group pension plan he or she shall be eligible for the group life insurance program for retired employees on the date retired, provided the employee was insured under such program on the day before retirement.

(2) Amount. Upon retirement, an amount of group life insurance shall be continued, based on the amount of life insurance in force on the day before retirement, until attaining age 65. Upon attaining age 66, the amount of life insurance shall be reduced by 25 percent of the amount in force just before attaining age 65. It shall be reduced thereafter by a further 25 percent on each of the 67th and 68th birthdays and it then shall remain at 25 percent of the amount of insurance in force just before attaining age 65.

b. Comprehensive Medical Expenses

(1) Employees who retire and have been participating in B-20

the health plan for an accumulated 15-year period just prior to retirement, may be provided continued medical coverage for themselves and eligible dependents. The 15 cumulative years shall include any periods of enrollment in other DoD NAFI medical plans, provided enrollment has been certified by the former NAFI and the break in service no more than 90 days. Dependents (other than those children whose coverage would be canceled at age 19 or 23) may be eligible for continuous coverage until receiving Medicare coverage at age 65, regardless of the retiree's age.

(2) When the retiree or dependent receives Medicare coverage at age 65, the CMC (MR) will offer a plan so that Medicare becomes the primary carrier for retirees enrolled in Standard Medical.

c. The cost of these benefits will be determined by the CMC (MR), taking into consideration financial stability of the plan.

15. NAF Benefit Enhancement Program - 401(k). The NAF Benefit Enhancement Program - 401(k) is applicable to eligible civilian employees paid from NAFs and employed by Marine Corps NAFIs (Marine Corps Exchanges, Recreation Funds, Clubs, Personal and Family Readiness Division, Marine Corps Community Services), and various miscellaneous NAFIs whose regularly scheduled basic work week is 20 or more hours. Employees are eligible to enroll on their date of hire. NO ACTIVE DUTY MILITARY MEMBER IS ELIGIBLE FOR ENROLLMENT.

a. The 401(k) plan has an annual administrative fee for all participants. The fee is automatically charged against the participant's 401(k) account. This administrative fee may vary, but will never be higher than $25 per year. Any cost over $25 per year, per member, will be borne by the employer. This administrative fee is based on:

(1) Number of participants

(2) Quarterly statements

(3) Toll free phone number usage

(4) Record keeping fees (plan valuation, etc.)

(5) Some commands have elected to pay this fee for their employees. This is a local command prerogative and may be subject to change.

b. Effective Date. The original effective date of this plan was June 1993.

c. Investment Options. NAF employees can defer 1 to 15 percent of their salary. Six investment options are available: Merrill Lynch Retirement Preservation Trust; Merrill Lynch Capital Fund; Merrill Lynch Federal Securities Trust; and Merrill Lynch Equity Index Trust; Hotchkis & Wiley International Fund and Franklin Small Cap. The contribution amounts a NAF employee invests in their 401(k) account is not considered taxable income until it becomes a distribution.

d. Eligibility. The 401(k) plan described herein is applicable to all regular, full-time or part-time civilian employees of the Marine Corps NAFIs, upon date of hire and who are at least 18 years old. (This applies to U.S. Citizens, U.S. Nationals, or permanent resident aliens employed in the 50 United States or the District of Columbia.)

(1) Enrollment. Eligible employees may enroll in this plan upon date of hire in an eligible class. The effective date will be the first day of the first full pay period after the open enrollment period. There will be monthly open enrollment periods each year. Open enrollment dates may vary, but will always be held monthly.

(2) Direct Rollover. New employees are immediately eligible to roll over prior qualified distributions. Investment elections and changes may be made to these rollover contributions. Direct rollovers into the 401(k) Plan require completion of a Request for Rollover of Prior Plan Distribution Form (MWR 95).

e. Enrollment and Change Procedures. All eligible employees will be required to complete an Enrollment Application indicating enrollment or waiver of participation. A beneficiary form must accompany all enrollments. Reminder: If employees are married, they are required by law to name their spouse as designated beneficiaries. If they elect to name someone other

than their spouse, spousal signature is required acknowledging that they have waived their entitlement. Employees who waive enrollment when first eligible to enroll and later elect to enroll, may do so during any open enrollment period provided they are otherwise eligible.

(1) Contributions and Investment Changes. Employees may change contribution percentages and/or investment options on a monthly basis. Contribution percentage changes require completion of a Contribution and Investment Change Application (MWR 93) and must be sent to the Personal & Family Readiness Division (MR) no later than the 15th of the month prior to the new month. Investment changes must be accomplished by contacting the Voice Response Unit (VRU), except overseas and those employees without touch-tone telephone capability. Overseas locations and employees without touch-tone telephones should submit their changes on forms (MWR 93) obtained from their local personnel office.

(2) Cancellation. Employees may cancel contributions on a monthly basis. Cancellation requires completion of a Contribution and Investment Change Application (MWR 93) and must be sent to the Personal & Family Readiness Division (MR) no later than the 15th of the month prior to the new month. Note: Contributions must remain in the plan unless the employee applies
and is approved for Hardship Withdrawal as defined by the IRS or obtains a loan.

(3) Termination of Employment. All terminating employees must elect rollover or withdrawal of their funds within 60 days of their termination of employment. Terminations require completion of a Termination Form (MWR 94). Failure to elect an option during the 60-day period will result in an automatic taxable distribution.

(4) Marine Corps NAF Activity Transfers (i.e. Camp Lejeune to Camp Butler). Transfers to another Marine Corps NAF activity require completion of a Termination Form (MWR 94) indicating "LOCATION CHANGE ONLY." Transfers from another Marine Corps NAF activity require completion of an Enrollment Application (MWR 91) and a Designation of Beneficiary Form (MWR 92), indicating "LOCATION CHANGE ONLY." Participation begins the first day of

employment at the gaining activity. Contribution changes are not accepted outside monthly change dates. Contribution amounts shall be continued at the same percentage from the losing activity.

(5) Re-enrollments. Employees who previously canceled contributions may re-enroll during any month, provided they are still eligible. Completion of an Enrollment Application Form (MWR 91) and a Beneficiary Form (MWR 92) is required and must be submitted no later than the 15th of the month prior to the new month. Note: In the case of a qualified hardship withdrawal, the employee may elect to re-enroll during the open enrollment period following the first anniversary date of the hardship withdrawal.

(6) NAF to NAF Transfers between Marine Corps and NEXCOM & the U.S. Naval Academy. Transfers to NEXCOM & the U.S. Naval Academy require completion of a Termination Form (MWR 94) indicating "TRUST TO TRUST TRANSFER TO NEXCOM" or "U.S. NAVAL ACADEMY" as applicable. Transfers from NEXCOM require completion of a Request for Rollover of Prior Plan Distribution Form (MWR 95) indicating "TRUST TO TRUST TRANSFER FROM NEXCOM."

(7) Disposition of all 401(k) Plan Forms. The original of all forms will be retained in employee's official personnel file. The yellow copy will be sent to the Director, Personal and Family Readiness (MR), 3044 Catlin Avenue, Quantico, VA 22134-5099, with appropriate transmittal letter by the required due
dates. The pink copy will be provided to the employee for his or her records.

(8) Change of Employment Status. An employee that becomes flexible category and ineligible for benefits due to a status change is not eligible for a distribution of their 401(k). The account remains open without new contributions. The employee will continue to be eligible to make investment changes. Distributions are not authorized until termination, attainment of age 59-1/2, or approved Application for Hardship Withdrawal.

(9) VRU Changes. Confirmation of VRU investment changes will be mailed directly to participants at the end of the month in which changes were made.

f. EMPLOYEE CONTRIBUTIONS TO THE 401(k) PLAN

(1) Amount of Contribution. Participants can defer 1 to 15 percent their salary per year, provided it does not to exceed the IRS annual limit posted each year.

(2) Commencement and Collection of Contributions. Employee contributions to the 401(k) plan will be made by payroll deduction each pay period starting with the pay period in which effective date of enrollment falls.

(3) Bi-weekly Disposition of Employee Contributions.

(a) Activities whose payrolls are prepared at automated activities will be invoiced each pay period for the total amount of 401(k) contributions as part of the total reimbursement made to the Personal and Family Readiness Division per established payroll billing procedures.

(b) Activities whose payrolls are prepared at non-automated activities will be furnished an invoice for each pay period for the required contributions. Invoices will be prepared by computer, based on employee earnings information in the personnel/payroll master file, as reported on payroll summary reports, to the Director, Personal and Family Readiness Division (MR).

(c) Employee contributions will be transmitted to the Trustee.

g. Employer Matching Contributions To the 401(k) Plan

(1) Amount of Matching Contribution. Employee contributions will be matched by an employer contribution of up to three percent as follows:

(a) Employee contributions of one percent of gross pay will be matched by an employer contribution of one percent of gross pay.

(b) Employee contributions of two percent of gross pay will be matched by an employer contribution of one point five percent of gross pay.

(c) Employee contributions of three percent to fifteen percent of gross pay will be matched by an employer contribution of two percent of gross pay.

(d) Employee contributions of four percent of gross pay will be matched by an employer contribution of two point five percent of gross pay.

(e) Employee contributions of five percent of gross pay will be matched by an employer contribution of three percent of gross pay.

(2) Commencement and Collection of Employer Contributions. Employer contributions to the 401(k) plan will start with the pay period in which the employee contributions begin.

(3) Bi-weekly Disposition of Employer Matching Contributions.

(a) Activities whose payrolls are prepared at automated activities will be invoiced each pay period for the total amount of 401(k) employer matching contributions as part of the total reimbursement made to the Personal and Family Readiness Division per established payroll billing procedures.

(b) Activities whose payrolls are prepared at non-automated activities will be furnished an invoice for each pay period for the required employer matching contributions. Invoices will be prepared by computer, based on employee earnings and 401(k) contribution percentage information in the

personnel/payroll master file, as reported on payroll summary reports, to the Director, Personal and Family Readiness Division (MR).

(c) Employer matching contributions will be transmitted to the Trustee.

h. DESIGNATION AND CHANGE OF BENEFICIARY. Employees enrolling in the 401(k) plan must make an initial designation of beneficiary. Employees desiring to change beneficiary

designation may do so at any time by completing a Designation of Beneficiary.

i. DISPOSITION OF CONTRIBUTIONS AT THE TIME OF TERMINATION

(1) Direct Rollover Distribution (All or any portion of terminating employee's payment).

(a) Payment will not be taxed in the current year and no income tax will be withheld.

(b) Payment will be made directly to your IRA or, if you choose, to another employer plan that accepts your rollover.

(c) Payment will be taxed later when you take it out of the IRA or the employer plan.

(2) Lump Sum Distribution. Plan benefits paid to terminating employee.

(a) Employee will receive only 80 percent of the payment. The IRS requires the Plan administrator to withhold 20 percent of the payment as income tax withholding to be credited against your taxes.

(b) The employee's payment will be taxable in the current year unless it is rolled over. The employee may be able to use special tax rules that could reduce the tax owed. If the employee receives the payment before age 59 1/2, there may be an additional 10% penalty tax on the taxable portion.

(c) The employee can roll over the payment by paying it to an IRA or to another employer plan that accepts rollovers within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.

(d) If the employee wants to roll over 100 percent of the payment to an IRA or an employer plan, the 20 percent that was withheld must be replaced. If the employee rolls over only 80 percent received, the 20 percent that was withheld and not rolled over will be taxed.

j. LOANS TO PARTICIPANTS

(1) Eligibility, Minimum Account Balance, and Minimum Loan Amount. Participants of the 401(k) Plan may apply for a loan after completing one year of participation provided the borrower's vested account balance is not less than $1,000. The minimum loan amount is $500.

(2) Frequency. A borrower may borrow from the plan provided the borrower has repaid any prior loan, if any, at least one month before applying for a loan.

(3) Amount Available. The minimum amount that a borrower may borrow at any time may be no less than $500. The maximum amount which a borrower may borrow at any one time may be 50 percent of the borrower's vested account balance, up to $50,000. Contributions for the month in progress do not qualify.

(4) Loan Approval. Approvals or denials of loan applications are based on eligibility, minimum account balance, minimum loan amount, frequency, minimum account balance, amount available, and repayment conditions. The local personnel office will not accept any applications that do not meet the minimum requirements. The purpose of the loan will not be taken into account in approving or denying a loan application.

(5) Interest Rate. The interest rate applied will be Commonwealth of Virginia Prime + 2 percent. The prime interest rate will be determined the first of each month for new loans. The interest rate for loans will be fixed for the term of the loan.

(6) Repayment, Minimum Repayment. Repayment will be through automatic biweekly payroll deductions. A borrower may elect to repay a loan for a period of 6 to 60 months, in 6-month increments.

(7) Early Payoff. Loans may not be repaid at an accelerated rate, except in the case of a lump sum prepayment. There is no penalty for early payoff.

(8) Repayment Default. If the borrower has a loan outstanding on termination of employment or loss of eligibility for enrollment in the Plan, the balance will be treated as a taxable distribution.

k. LOAN APPLICATION Procedures. Eligible 401(k) participants may apply for a loan by accessing the VRU through the toll free number. Exception: Overseas participants and participants without touch-tone telephone capability are requested to sign and complete a 401(k) Loan Application (MWR 97) as follows:

(1) Amount. Loan amount must be in whole dollars.

(2) Repayment Period Requested. Loan repayment period must be in increments of six months - a minimum of six months to a maximum of sixty months (five years).

(3) Employee Authorization. Applicant signature is required acknowledging request for loan, understanding of terms and conditions of borrowing from the Plan, and authorizing the Personal and Family Readiness Division to commence the repayment process the first pay period following receipt of the loan.

(4) Employer Certification. The local personnel office certifies the loan application for eligibility and minimum requirements.

(5) Disposition of 401(k) Loan Application. The original of the loan application will be retained in employee's official personnel file. The yellow will be sent to the Personal and Family Readiness Division along with a copy of the applicant's most recent 401(k) Statement of Account (if available) for approval. The pink copy shall be provided to the employee for his or her records.

l. LOAN AGREEMENT PROCEDURES. The Borrowers will be required to sign a 401(k) Loan Agreement acknowledging receipt of the agreement and agreement to terms of the loan.

(1) Federal Truth-in-Lending Disclosure Statement. The Personal and Family Readiness Division will outline amount

financed (the amount of credit provided), finance charge (the dollar amount the credit will cost), annual percentage rate (the cost of credit as a yearly rate), total of payments (the amount borrower will have paid after making all payment as scheduled), and the payment schedule (number of payments and commencement pay period).

(2) Disposition of 401(k) Loan Agreement. A 401(k) Loan Agreement and Amortization Schedule will be mailed to the borrower's residence. The local personnel office will send the signed agreement and the amortization schedule to the Personal and Family Readiness Division for processing.

m. LOAN DISTRIBUTION PROCEDURE

(1) The Personal and Family Readiness Division sends request for distribution to the trustee.

(2) The trustee transmits payment direct to the borrower within 48 hours from date released by Personal and Family Readiness Division.

(3) All loan payments will be charged to the ML Retirement Preservation Trust. The record keeper shall provide adjustments to the trustee to the appropriate ML investments funds at the close of the current monthly valuation period.

n. LOAN REPAYMENT PROCEDURES

(1) Commencement and Collection of Repayments. Borrower repayments will be made by payroll deduction each pay period commencing the first full pay period following date of the check. The Personal and Family Readiness Division will notify the local personnel office in writing when to start payroll deductions, the total amount due, and the corresponding amortization schedule for forwarding to the local Financial Support Branch. Note: Repayments stop when total repayments meet the total amount due.

(2) Bi-weekly Disposition of Loan Repayments

(a) Activities whose payrolls are prepared at

automated activities will be invoiced each pay period for the total amount of 401(k) loan repayments as part of the total reimbursement made to the Personal and Family Readiness Division per established payroll billing procedures.

(b) Activities whose payrolls are prepared at non-automated activities will be furnished an invoice for each pay period for the required repayments. Invoices will be prepared by computer, based on the payment schedule outlined in the loan agreement, as reported on payroll summary reports, to the Director, Personal and Family Readiness Division (MR).

(c) Loan repayments will be transmitted to the trustee of the 401(k) Plan.

(d) The trustee will credit the ML Retirement Preservation Trust account. The record keeper will provide quarterly adjustments to the trustee to adjust the appropriate ML investment fund after each quarterly valuation period.

APPENDIX C

EMPLOYEE PERFORMANCE APPRAISAL

1. PERFORMANCE MANAGEMENT PROGRAM: To improve individual and organizational performance and strengthen the link between pay and performance, achievement-focused performance management programs shall be established. Recognition of team achievement is encouraged. Programs may be tailored to fit the mission and culture of the organization, but they must include the following core requirements:

a. An annual appraisal of whether performance met expectations, using at least two rating levels.

b. A fair and consistent method of deriving a summary rating from performance. At a minimum, performance expectations consistent with duties must be discussed with the employee.

c. Approval of the appraisal or rating level above the rater where practicable, and retention of the appraisal in the employee's Official Personnel Folder (OPF) for possible future use in reaching personnel decisions.

d. Provision for determining actions to be taken when expectations are met or not met. Employees rated less than satisfactory, or equivalent, will not be granted a pay increase. Appropriate limits and approval levels should be set for cash awards and pay adjustments. An employee may grieve the rating, but not the amount of the pay change.

2. Development is the process of preparing employees for mission related duties and for career progression, i.e., IDP's. An Individual Development Plan (IDP) is a training tool for both management and employee use to assess training needs based on business requirements. IDP's are written blueprints used to prepare the employee for higher level performance. Develop the IDP by reviewing past performance to highlight competencies needing improvement or development. In developing the IDP the supervisor, with employee input, should compare the requirements of the position, the organization, as well as the career aspirations of the employee, their experience, education and past training.

APPENDIX D

PAY ADMINISTRATION FOR CRAFTS AND TRADES

1. General Policy

a. This appendix supplements and complements governing pay policies and procedures for crafts and trades (CT) NAF employees contained in subchapters S8 and S11 of reference (f). It also supplements reference (a) (volume 1405, appendix 2 to enclosure (2)), and chapter 3 of this order.

b. Reference (f) applies only to employees in NA, NL and NS positions. Section and paragraph titles within this appendix are followed by parenthetical reference to the applicable parts of reference (f). Refer to reference (f) for more information on the topic.

c. Definitions (S8-2)

(1) Scheduled Rate of Pay (S8-2.(2)). Any rate corresponding to the appropriate grade and step on the CT Nonsupervisory (NA), Leader (NL), or Supervisory (NS) wage schedules issued by WSD, including a retained rate of pay and a rate on a temporary promotion when applicable.

(2) Employee (S8-2.(3))

(a) NAF Prevailing Rate Employee. Refers to an employee of a NAFI who is employed in a recognized craft or trade or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation, and any other individual, including a foreman and a supervisor, in a position having craft, trade, or laboring experience and knowledge as the paramount requirement.

(b) Nonwage. Where used, refers to an NF employee.

(c) Overtime Work (S8-2.(19)). In addition to the definition of overtime work in subchapter S8, overtime work means any hours worked, whether scheduled, ordered, suffered, or permitted, that exceeds 40 hours of actual work performed in a week pursuant to the Fair Labor Standard Act (FLSA), reference (v). (See subparagraph 4.a. below.)

(d) Night Shift (S8-2.(23)). Regularly scheduled, non-overtime work when a majority of the whole hours of such work occurs between 3 p.m. and midnight (second shift) or between 11 p.m. and 8 a.m. (third shift).

(3) The administrative workweek and the basic workweek are defined in chapter 4.

2. Application of Pay Rates (S8-3)

a. New Appointment means the first appointment regardless of tenure as an employee of the Federal Government. Except as provided in (1) and (2) below, a new appointment shall be made at the minimum rate of the grade. (S8-3.b.)

(1) Heads of local NAFIs may appoint an employee at a rate above the minimum step of the appointment grade in recognition of special qualifications, e.g., an applicant with skills and experience of an exceptional or highly specialized nature in his or her trade or craft. Each case of hiring above the minimum rate shall be documented fully in the employee's Official Personnel Folder (OPF).

(2) Heads of local NAFIs may request authority to make appointments at the second, third, fourth, or fifth step for a hard-to-fill position. Requests will be forwarded to the Department of Defense (DoD) Wage Setting Division (WSD), through the CMC (MR) and will include, at a minimum, the following:

(a) The hiring rate for the particular occupation and grade among private employers in the location is higher than the minimum rate of the applicable grade on the local Federal wage schedule.

(b) The NAFI cannot recruit qualified employees at the minimum rate.

b. Position or Appointment Change (S8-3.c.). Subject to provisions of pay and grade retention covered in reference (f) subchapter S9, when an employee is reemployed, transferred, reassigned, or changed to a lower grade, the head of the local NAFI may pay that employee at any step of the new grade that does not exceed that employee's highest previous rate. However, if the highest previous rate falls between two steps of the grade, the head of the local NAFI may pay at the higher rate. When an employee's type of appointment is changed in the same

job, the local NAFI may continue to pay him or her at his or her existing scheduled rate or may pay him or her at any higher rate of his or her grade which does not exceed his or her highest previous rate. However, if his or her highest previous rate falls between two rates of his or her grade, the agency may pay him or her at the higher rate.

c. Promotion (S8-3.d.). When promoted, an employee is entitled to be paid at the lowest scheduled rate of the grade to which promoted which exceeds his or her existing scheduled rate of pay by at least four percent of the representative rate of grade from which promoted.

(1) If there is no rate of pay in the grade to which promoted that exceeds the employee's existing schedule rate of pay rate by at least four percent, the employee shall be paid either the maximum scheduled rate of the grade to which promoted, or his or her existing scheduled rate of pay, in accordance with reference (ba), if that rate is higher.

(2) When promoted, an employee may be granted the benefit of the highest previous rate for provisions under "Position or Appointment Change," subparagraph 2.b. above, if this would result in a higher rate of pay than would result from applying the provisions of a normal promotion action.

(3) Upon promotion, fractions of less than one-half of one cent may not be rounded down if this would result in an increase of less than four percent. (Reference (ay).)

d. Computation of Highest Previous Rate (S8-3.e.)

(1) The highest previous rate is based on a regular tour of duty at that rate.

(2) The highest previous rate may be based upon a rate of pay received during a period of temporary promotion so long as it is not used as a vehicle to circumvent the period required for within-grade pay increases. This 1-year limitation does not apply upon permanent placement in a position at the same or higher grade.

(3) The highest previous rate may not be based on:

(a) A rate received for an appointment as an expert or consultant, under reference (ap), or

(b) A rate of basic pay established under section 5305 of reference (q), or

(c) A rate established under "New Appointments" subparagraph 2.a. above and paragraph S8-3b of reference (f).

(4) When a NAF employee's rate of pay is one which was established under section 5305 of reference (q) or under subparagraph 2.a. above, his or her highest previous rate is the rate to which he or she would have been entitled had the rate under section 5305 of reference (q) or under subparagraph 2.a. above not been applied to him or her.

(5) If the highest previous rate was earned in an NA, NL, or NS position, the highest previous rate is calculated based on the current rate grade and step rate of the old position on the same type of wage schedule in the area in which the employee is being employed, or the actual earned rate, whichever is higher. If the highest previous rate falls between two rates of the new grade, the Head of the local NAFI may consider the higher of the two rates as the highest previous rate.

EXAMPLE. An employee in New York earning NA-8 step 1 was reemployed in Washington, DC, at the NA-7 grade level. Pertinent wage schedules rates are:

LOCATION	GRADE	STEP RATES				
		1	2	3	4	5
New York	NA-8	$11.17*	$11.66	$12.13	$12.61	$13.07
Washington, DC**	NA-8	$10.97	$11.42	$11.88	$12.34	$12.79
Washington, DC**	NA-7	$10.28	$10.73	$11.14	$11.58	$12.01

* Previously earned rate.
** Current rates in the wage area where the employee is being employed.

Steps to be followed:

(1) Compare the employee's previous grade and step rate ($11.17) in New York with the same grade and step rate in Washington, D.C. ($10.97). The previous earned rate is the higher; so, it is established as the employee's highest previous rate.

(2) The employing NAFI may pay this employee at any step of the grade NA-7 (the grade at which reemployed) that does not exceed the fourth step (since the employee's highest previous rate ($11.17) falls between steps 3 and 4 of grade NA-7, the employee shall be paid at step 4.

(3) In no case shall an employee be paid more than the top step of the grade in which reemployed, regardless of the employee's highest previous rate.

(4) Since an employee has no vested right on reemployment to receive highest previous rate of pay, the Head of a local NAFI may adopt a policy of using the highest previous rate rule, or require that an employee on reemployment start at the first step rate of the grade.

Figure D-1.--Example of Highest Previous Rate Computation

e. Effective Date (S8-3.f.)

(1) Normal. The effective date of a change in pay rate because of the grading or regrading of a job is the first day of the first pay period on or after the date the head of the local NAFI approves the action unless a subsequent date is specifically stated.

(2) Retroactive. An employee who is qualified for his or her official job and performs its duties, but who through administrative error is not paid the appropriate rate of his or her grade, shall have the rate corrected retroactively. This corrective payment is not to be regarded as a retroactive promotion.

3. General Pay Fixing Guides (S8-3.g.). Unless specifically stated otherwise in reference (f), only scheduled rates of pay-rate are considered in making pay adjustments.

a. Pay Computation Rule. For pay computation purposes, rates are computed to the nearest cent, counting one-half of a cent and over as a whole cent. Whenever it is necessary to convert a basic annual rate to an hourly rate, the hourly rate shall be derived by dividing the annual rate by 2080.

b. Simultaneous Pay Changes

(1) If an employee becomes entitled to two pay benefits at the same time, the changes shall be processed in a manner that gives the employee the maximum benefit.

(2) If an employee becomes entitled to a higher rate of pay and to a personnel or appointment change at the same time, the higher rate of pay is deemed to be the employee's existing scheduled rate of pay when the personnel or appointment change is processed.

c. Cost-of-living Allowance as Base Pay in Nonforeign Overseas Area. When an employee in a nonforeign overseas area paid under the pay band system (NF schedule) is changed to an NA, NL, or NS position, nonforeign area differential or cost-of-living allowances received in the NF job is added to the scheduled rate of pay for the purpose of establishing a rate of pay for the new job. The nonforeign area differential or cost-

of-living allowance is not added to the representative rate when determining the nature of the action.

d. Pay While on Leave (S8-3.h.). Employees are paid at their basic rates (including night shift differential except as provided in reference (ar) regarding flexible and compressed work schedules). This provision is applicable even though the basic workweek may include workdays with hours exceeding eight per day for which overtime rates are paid.

e. Lump Sum Leave Payments (S8-3.i.). When an employee is on the rolls on the issue date of a wage schedule increase, but separates before the effective date of the increase, the employee is entitled to receive his or her lump-sum annual leave payment at the higher rate for the period extending beyond the effective date. (Reference (az).)

4. Night Shift Differential and Premium Pay (S8-4). Paragraph S8-4 of reference (f) prescribes the payment of night shift differential, and the forms of premium pay to which NAF wage employees are entitled in addition to their scheduled rate of pay. Pay authorized under paragraph S8-4 of reference (f) must be paid whenever an employee performs work under the conditions and circumstances described. Conversely, it may not be paid unless it is specifically authorized therein.

a. Overtime Pay (S8-4.b.)

(1) Overtime pay under the prevailing rate system will be paid either under reference (aq), for FLSA-exempt employees, or under the FLSA for nonexempt employees (paragraph 551.501 of reference (ag)). Wage employees (including part-time and flexible employees) are entitled to overtime pay for work in excess of 8 hours in a day or in excess of 40 hours in an administrative workweek (except as provided by reference (ar) regarding flexible and compressed work schedules), whichever is the greater number of hours.

(2) Standby and On-call Duty. A wage employee who is regularly required to remain at or within the confines of his or her post of duty in excess of 8 hours a day in a standby or an on-call status is entitled to overtime pay only for hours of duty, exclusive of eating and sleeping time, in excess of 40 a week. (For callback overtime work, see subparagraph S8-4b(9) of reference (f).)

(3) Overtime Rate. Except as otherwise specifically authorized, Heads of local NAFIs shall pay an employee for overtime work performed at the rate of one and one-half times his or her rate of basic pay.

(4) Overtime Rate for Sunday or Holiday Work. A wage employee is paid for overtime work on a Sunday or a holiday at the same rate as for overtime work performed on another day.

(5) Computing Overtime Pay for Night Work

(a) Overtime pay for an employee regularly working a shift for which a night shift differential is paid for the entire shift will be computed on the night rate, even though the hours of overtime worked extend into, or fall entirely within, a day shift. When the overtime work is performed on a day not regularly scheduled as a workday for the employee or his or her organization, overtime pay is computed on the rate of the employee's last previous regularly scheduled shift. When the overtime work is performed on a day not regularly scheduled as a workday for the employee, but is a regularly scheduled shift for the organization, overtime pay is computed on the rate of the shift actually worked by the employee on that day.

(b) Overtime pay for an employee having a regularly rotating tour of duty which includes two or more shifts is computed on the rate of the employee's regularly scheduled shift in effect for the calendar day on which the overtime work is performed. When the overtime work is performed on a day not regularly scheduled as the workday of an employee, overtime pay is computed on the average rate of basic pay for all regularly scheduled shifts worked by the employee during the basic workweek.

(6) Computing Overtime Pay for Employees Paid on Other Than a Time Rate Basis. The NAF job-grading system provides a basis for placing each NAF type position within a grade of a schedule under the system. For a position compensated in whole or in part by such forms of pay as tips, commission, piece rates or other such nontime rate basis, all premium payments will be computed on the basis of the payline rate for the same level of position on the appropriate NAF regular wage schedule.

(7) Computation of Overtime Worked. The computation of the amount of overtime work of an employee is subject to the following conditions:

(a) Leave With Pay. Hours during which an employee is absent from duty on paid leave during time when the employee otherwise would have been required to be on duty (including authorized absence on a legal holiday or on a non-workday established by Executive Order) shall be considered hours of work in determining whether the employee is entitled to overtime pay for work performed in excess of eight hours in a day of work or 40 hours in an administrative workweek. Payment of the overtime rate is authorized only if the employee performs work during the hours in excess of the 8-hour day, or the 40-hour workweek. Leave, annual or sick, is charged only for an absence that occurs during a basic workweek.

(b) Leave Without Pay. Hours during which an employee is absent from duty on leave without pay during a time when the employee would otherwise have been required to be on duty shall not be considered hours of work in determining whether the employee is entitled to overtime pay for work performed in excess of eight hours in a day of work or 40 hours in an administrative workweek.

(c) Night, Holiday, or Sunday Work. Hours of night, holiday, or Sunday work are included in determining for overtime pay purposes the total number of hours in employment in the same administrative workweek.

(d) Callback Overtime Pay. Irregular or occasional overtime work performed by an employee on a day when work was not scheduled for the employee, or for which the employee is required to return to his or her place of employment, is considered at least two hours in duration for the purpose of overtime pay, whether or not work is performed. Thus, callback overtime is viewed as an exception to the general rule that overtime compensation may only be allowed for work actually performed. However, 2 hours is the maximum that may be paid in the absence of work beyond the 2 hours. When an employee, following a regularly scheduled tour of duty, performs unscheduled overtime work when early reporting for duty that merges with and continues into a regularly scheduled tour of duty for the day, the employee is not entitled to the 2-hour minimum callback overtime provision.

(8) Compensatory Time. Heads of local NAFIs are authorized to approve an employee's request for compensatory off instead of overtime pay for an equal amount of time spent in

irregular or occasional overtime work. Mandatory compensatory time off is prohibited.

Four 10-hour days. Employee works from 7:30 a.m. to 6 p.m., Tuesday through Friday. (Where the local NAFI has authorized the use of flextime or compressed time, the provisions of 5 U.S.C. 6123 and 6128 will apply.)								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Scheduled Hours			10	10	10	10		40
Basic rate (scheduled rate plus environmental/night shift differentials, if applicable			8	8	8	8		32
Overtime rate (1.5 times the basic rate)			2	2	2	2		8

Figure D-2.--Overtime Pay Computation, Example I

Four 9-hour days and one 4-hour day. Employee works from 7 a.m. to 5 p.m., Tuesday through Friday, and 7 a.m. to 11 a.m. on Saturday. Employee has 1-hour meal period Tuesday through Friday, none on Saturday. Overtime pay is computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Scheduled Hours			9	9	9	9	4	40
Basic rate (scheduled rate plus environmental/night shift differentials, if applicable			8	8	8	8	4	36
Overtime rate (1.5 times the basic rate)			1	1	1	1		4

Figure D-3.--Overtime Pay Computation, Example II

An employee has a regularly scheduled workweek of 40 hours, Monday through Friday, 8 a.m. to 4:30 p.m. The employee takes annual leave from 8 a.m. to 4:30 p.m. on Tuesday. The employee performed 4 hours of overtime work outside the employee's basic workweek on Saturday. Overtime hours are computed as follows:								
	Compensable Hours							
	S	M	T	W	T	F	S	Total
Hours of work		8		8	8	8		32
Approved annual leave			8					8
Overtime hours worked							4	4

Figure D-4.--Overtime Pay Computation with Paid Leave

b. Night Shift Differential (S8-4.c.). An employee is entitled to pay at his or her scheduled rate plus a differential of seven and one-half percent of his or her scheduled rate for regularly scheduled non-overtime work when a majority of the work hours occur between 3 p.m. and midnight; or ten percent of the scheduled rate if the majority of work hours occur between 11 p.m. and 8 a.m. The night shift differential is paid for the entire shift when the majority of hours fall within the specified periods. Majority of hours means a number of whole

hours greater than one-half (including meal breaks), e.g. 5 hours of a scheduled 8-hour shift.

(1) Relation of Night Shift Differential to Overtime, Holiday, and Sunday Premium Pay. Night shift differential is included in basic pay for employees and used as a basis for computing overtime pay, Sunday pay, and holiday pay, and, where applicable, amounts of deductions for retirement and group life insurance.

(2) Computation of Night Pay

(a) Absence on Holidays or in Travel Status. An employee regularly assigned to a night shift for which the night shift differential is payable, is entitled to the night shift differential for periods of excused absence on a holiday or while in official travel status during the hours of his or her regular night shift or on court leave.

(b) Temporary Assignment to a Different Tour of Duty

1. An employee regularly assigned to a night shift who is temporarily assigned to another night shift with a higher differential shall receive the higher differential when the majority of the employee's regularly scheduled nonovertime hours of work during the temporary assignment fall within a regularly scheduled shift for which the higher differential is payable.

2. An employee regularly assigned to a day shift is entitled to a night shift differential for any period during which he or she is temporarily assigned to work a regular shift for which a night shift differential is otherwise payable.

3. An employee regularly assigned to a night shift shall continue to receive his or her regular night shift differential during a temporary assignment to the day shift or to another night shift with a lower differential.

(c) Absence on Leave. The night shift differential payable during periods of leave with pay depends upon the shift to which the employee is assigned at the time of going on leave and the duration of the assignment.

(d) An employee regularly assigned to a night shift on a full-time basis will, during periods of absence with pay, receive the night shift differential.

(e) An employee assigned to a regular rotating schedule involving work on both day and night shifts will, during periods of absence with pay, receive pay as follows:

1. Pay at rates payable on the day shift will be paid for that portion of the absence occurring during periods when the employee is scheduled to work the day shift and

2. Night shift differentials will be payable for the portion of the absence occurring during periods when the employee is scheduled to work night shifts.

(f) When an employee who is regularly scheduled to work the day shift is absent with pay during a temporary assignment to shifts for which a night shift differential is payable, he or she will be paid as follows:

1. If the assignment to the night shift is for an indefinite duration and no expiration date is specified for the assignment, an employee going on leave with pay while so assigned will receive the night shift differential during such part of the period of the absence as he or she would have been required to work on a shift for which a night shift differential is payable; and

2. If the assignment to the night shift is of specified duration, an employee going on leave while so assigned will receive the night shift differential only for that portion of the absence which falls within the specified period of assignment to the night shift. After the expiration of the specified period his or her pay will revert to the day rate.

(g) If an employee is changed from the day to the night shift at irregular intervals and it cannot be administratively determined that he or she is assigned basically to either shift, payment during periods of absence with pay will be at the rate for the shift on which he or she was working at the time the absence began.

(3) Night Shift Differential and Lump-sum Leave Payment

(a) Lump-sum leave payment will be made at the applicable night shift differential rates for all regularly scheduled periods of night shift duty covered by the unused annual leave as if the employee had continued to work beyond the effective date of separation.

(b) When a night shift has been formally canceled or an employee has been regularly scheduled for continuous day shift work on or before the date of separation, the lump-sum leave payment will be computed on the day rate.

(4) Part-time and Flexible Employees. An employee who works on a regularly scheduled shift of less than 8 hours duration (such as a part-time or flexible employee), is entitled to a night shift differential if a majority of his or her hours are worked during a period in which a night shift differential is payable.

(5) Split Shifts. There is no authority to permit splitting of the night shift differential. An employee will either receive a 7.5 percent differential for an entire shift or a 10 percent differential for an entire shift if a majority of hours occur during the hours authorized for a night shift differential.

(6) Meal Breaks. Meal breaks of 1 hour or less that occur when a night shift differential is authorized should be included for the purpose of determining a prevailing rate employee's entitlement to a night shift differential. Thus, in the situation where an employee works from 11:30 a.m. to 8 p.m., with a meal break from 3:30 p.m. to 4 p.m., the 30-minute meal break is included to determine that a majority of hours of work occur during the second shift and that a 7.5 percent night shift differential is payable.

This table illustrates the computation of overtime pay for employees who regularly work a night shift for which the shift differential is payable when the overtime period falls within the day shift.

An employee's regular schedule requires that work be performed between 11 p.m. and 7:30 a.m., Monday through Friday. On Tuesday the employee performed overtime work from 7:30 a.m. until 11:30 a.m. Overtime pay is computed as follows:

Figure D-5.--Overtime Pay Computation with Night Shift Differential, Example I

	Compensable Hours							
	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 10 percent shift differential)		8	8	8	8	8		40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 10 percent shift differential)			4					4

Figure D-5.--Overtime Pay Computation with Night Shift Differential, Example I-Continued

This table illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

The organization operates 24 HOURS A DAY, MONDAY THROUGH FRIDAY. The employee's regular schedule is Monday through Friday, 3 p.m. to 11:30 p.m. The employee performed overtime work on Saturday, 8 a.m. to 12 noon. Overtime pay is computed as follows:

	Compensable Hours							
	S	M	T	W	T	F	S*	Total
Basic rate (scheduled rate plus 7.5 percent shift differential)		8	8	8	8	8		40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 7.5 percent shift differential)							4*	4

* Not a scheduled workday for the organization or the employee.

Figure D-6.--Overtime Pay Computation with Night Shift Differential, Example II

This table further illustrates the computation of overtime pay when an employee performs overtime work on a day not regularly scheduled as a workday for the employee or for the organization.

The organization operates 24 HOURS A DAY, MONDAY THROUGH FRIDAY. The employee's regular schedule is 3:30 p.m. to 12 midnight, Monday through Thursday, and 7:30 a.m. to 4 p.m. on Friday. The employee performed overtime work on Saturday, 9 a.m. to 1 p.m. Overtime pay is computed as follows:

	Compensable Hours							
	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 7.5 percent shift differential for Monday through Thursday only)		8	8	8	8	8		40
Overtime rate - 1.5 times the basic rate (scheduled rate only)**							4*	4

* Not a scheduled workday for the organization or the employee.
**No shift differential is added because the scheduled shift PRIOR TO the overtime was a day shift. This would be true even if the OVERTIME HOURS were, for example, 4 p.m. to 8 p.m.

Figure D-7.--Overtime Pay Computation with Night Shift Differential, Example III

This table illustrates the computation of overtime pay for an employee performing overtime work on a day other than a regularly scheduled workday for the employee, but one that is a regular workday for the organization.

The organization operates 24 HOURS A DAY, 7 DAYS A WEEK. An employee's regular schedule is Tuesday through Saturday, 8 a.m. to 4:30 p.m. The employee performed 4 hours of overtime work on Monday between 8 p.m. and 12 midnight. Overtime pay is computed as follows:

	Compensable Hours							
	S	M	T	W	T	F	S	Total
Basic Rate (scheduled rate only			8	8	8	8	8	40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 7.5 percent shift differential)		4						4

Figure D-8.--Overtime Pay Computation with Night Shift Differential, Example IV

This table illustrates the computation of overtime pay for an employee who has a regularly rotating tour of duty that includes two or more shifts, and who performs overtime work on a regularly scheduled workday.

An employee's regular schedule rotates on a weekly basis, Monday through Friday, among these three shifts: 7 a.m. and 3:30 p.m.; 3 p.m. and 11:30 p.m.; and 11 p.m. and 7:30 a.m. For this week the employee works the first shift from Monday through Wednesday, the second shift on Thursday, and the third shift on Friday. The employee preformed 2 hours of overtime work on Tuesday. Overtime pay is computed as follows:

	Compensable Hours							
	S	M	T	W	T	F	S	Total
Basic rate		8	8	8				24
Basic rate (scheduled rate plus 7.5 percent shift differential)					8			8
Basic rate (scheduled rate plus 10 percent shift differential)						8		8
Overtime rate (1.5)*			2					2

* Shift differential does not apply on Tuesday. The scheduled rate is multiplied by 1.5 to determine the overtime rate. The overtime rate is then multiplied by the number of overtime hours. If overtime work is performed on a day during the following week when the employee is working the second shift (3 p.m. to 11:30 p.m.), the computed overtime rate would be 1.5 times the scheduled rate plus the 7.5 percent shift differential.

Figure D-9.--Overtime Pay Computation with Night Shift Differential (Regularly Rotating Tour of Duty), Example I

This table illustrates how to compute overtime pay for an employee who works two different shifts on a scheduled rotating basis and who performs overtime work on a day other than a regularly scheduled workday.

An employee is regularly scheduled to work Monday, Tuesday, and Wednesday from 3 p.m. to 11:30 p.m. and Thursday and Friday from 11 p.m. to 7:30 a.m. The overtime work is performed on Saturday from 8 a.m. to 12 noon.

	Compensable Hours							
	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 7.5 percent shift differential)		8	8	8				24
Basic rate (scheduled rate plus 10 percent shift differential)					8	8		16
Overtime rate (1.5)							4	4

Step 1. Compute the AVERAGE RATE OF BASIC PAY for the regularly scheduled shifts worked by the employee. The AVERAGE RATE OF BASIC PAY is determined by adding the total hours worked at each shift and multiplying that number by the employee's scheduled rate of pay plus any shift differential. The total would then be divided by the number of regularly scheduled hours in the employee's work week (i.e., 24 hours x (scheduled rate of pay plus 7.5 percent shift differential) + 16 hours x (scheduled rate of pay plus 10 percent shift differential) divided by 40.

Step 2. Compute the total overtime pay by multiplying the AVERAGE RATE OF BASIC PAY by the overtime rate by the number of overtime hours worked (i.e., AVERAGE RATE OF BASIC PAY x 1.5 x 4).

Figure D-10.--Overtime Pay Computation with Night Shift Differential (for Two Different Shifts on a Scheduled Rotating Basis), Example II

A waiter who receives tips and has an authorized tip offset of $.90 per hour performs 2 hours of overtime work. The employee is regularly scheduled to work from 3:30 p.m. to 12 midnight, Tuesday through Saturday. On Saturday, the employee worked overtime from 12 midnight to 2 a.m. Overtime is computed as follows:

	Compensable Hours							
	S	M	T	W	T	F	S	Total
Scheduled hours			8	8	8	8	8	40
Basic rate (scheduled rate plus 7.5 percent shift differential)			8	8	8	8	8	40
Overtime rate - 1.5 times the basic rate (scheduled rate plus 7.5 percent shift differential)(minus the tip offset)							2*	2*

* As the employee has a tip offset of $ .90 per hour and earned sufficient tips to cover the amount, this amount is subtracted from the overtime rate before multiplying by the number of hours worked.

Figure D-11.--Overtime Pay Computation with Night Shift Differential and Tip Offset

Regular Shifts
Example 1. An employee is regularly scheduled to work a period commencing at 2 p.m. and ending at 8 p.m. Since the majority of whole hours were worked during a period for which the night shift differential of 7 1/2 % is payable, the employee is entitled to that differential for the entire shift.
Example 2. An employee is regularly scheduled to work a period commencing at 1 p.m. and ending at 5:30 p.m. The employee performed two hours of work before the night shift period, and two and one-half hours during the night shift period. The employee is not entitled to the shift differential. To qualify for the differential, the employee must perform 3 whole hours of work during the night shift period.
Split Shifts. When an employee's tour of duty overlaps more than one established shift, or includes a break of more than one hour within a scheduled basic workday, pay will be calculated as follows:
Example 1. An employee works an 8-hour shift from 8 p.m. to 4 a.m. with a 20 minute paid meal period. The employee worked three hours in the second shift and five hours in the third shift. The employee is entitled to a 10% differential for all eight hours since a majority of whole hours falls within a period for which the 10% night shift differential is payable.
Example 2. An employee who works four hours during the second shift and four hours in the third shift will be paid a 7 1/2% differential for the entire shift since a majority of hours was not worked during the third shift.
Example 3. An employee who is authorized to work three hours during the third shift, three hours during the first shift and two hours during the second shift (e.g., 5 a.m. to 11 a.m. and 3 p.m. to 5 p.m.), is entitled to a 7 1/2% night shift differential for all 8 hours since a majority of his or her regularly scheduled hours of work fall within a period during which a night shift differential is payable. The 10% differential is not paid since a majority of his or her regularly scheduled 8-hour shift does not specifically fall within the period of 11 p.m. to 8 a.m.
Example 4. An employee performs work from 10 a.m. to 12 noon, and during the same day performs work between 4 p.m. and 8 p.m. Hours worked each day total six hours with the employee performing four hours of work during the established night shift period. This employee is entitled to the 7 1/2% night differential for all hours of work performed (e.g., six hours).
Example 5. An employee works an eight-hour shift from 11:30 a.m. to 8 p.m. The meal break is set from 3:30 p.m. to 4 p.m. (e.g., included in the five hour period from 3 p.m. to 8 p.m.) resulting majority of whole hours in the second shift that entitles the employee to a 7 1/2% shift differential.
Example 6. If the employee's shift is from 11 a.m. to 7:30 p.m., with a meal break from 3 p.m. to 3:30 p.m., no shift differential is paid, since the majority of whole hours was not between 3 p.m. and midnight (e.g., the employee is only credited with four and one-half hours during the second shift).
Example 7. An employee who works from 7 p.m. to 3:30 a.m. with a meal break from 11 p.m. to 11:30 p.m. is paid a 7 1/2 % differential for all eight hours. The 10% differential is not paid because even when the meal period is counted, a majority of the employee's regularly scheduled eight-hour shift does not specifically fall within the period of 11 p.m. to 8 a.m.

Figure D-12.--Examples of Night Shift Differential Calculations

c. Pay for Holidays (S8-4.d.). Paid to an employee having a regular tour of duty when:

(1) Excused from Work. An employee is excused from work because of the occurrence of a holiday on that employee's

regularly scheduled workday. The employee is entitled to the same rate of pay for that day, including any applicable night differential, as if he or she had worked.

(2) Work on a Holiday. An employee performs work on a holiday that is not overtime work. The employee is entitled to be paid his or her rate of basic pay plus premium pay at a rate equal to the rate of basic pay.

(3) Overtime Pay for Holiday Work. An employee shall be paid for overtime work performed on a holiday at the same rate as for overtime on other workdays.

(4) An employee required to report for work on a holiday shall be paid at least two hours of holiday pay, whether or not work is actually performed, in the same way as callback overtime.

(5) Relation of Holiday Premium Pay to Overtime, Night, and Sunday Pay

(a) Premium pay for holiday work is in addition to overtime pay, night shift differential, or premium pay for Sunday work and is not included in the rate of pay used to compute the overtime pay, night shift differential, or premium pay for Sunday work.

(b) Even though an employee receives premium pay for holiday work, the number of hours of his or her regularly scheduled basic workweek occurring on a holiday are included in determining for overtime pay purposes the total number of hours of work performed in the administrative workweek in which the holiday occurs.

(c) The hours within his or her basic workweek for which an employee is excused from duty because of a holiday are counted as hours of work in computing overtime pay.

An employee's regularly scheduled workweek is 8 a.m. to 4:30 p.m., Monday through Friday. Monday is a holiday and the employee is required to work 8 hours on that day. Holiday premium pay is computed as follows:

	Compensable Hours							
Regularly scheduled workweek	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate only)		8	8	8	8	8		40
Premium pay - equal to employee's basic rate		8*						8*

Figure D-13.--Holiday Premium Pay Computation, Example I

* Holiday The employee is paid for all regularly scheduled hours at the basic rate. Premium pay at a rate equal to the basic rate is paid for the number of non-overtime hours worked on the holiday. If the employee does not work on the holiday but instead is excused from work, the employee is simply paid the basic rate for the number of regularly scheduled hours normally worked. If the employee is excused on the holiday, and if a shift differential would otherwise have been earned because of the employee's regular schedule of work, the shift differential is retained in the basic rate for that day.

Figure D-13.--Holiday Premium Pay Computation, Example I-Continued

A Regular, full-time employee's workweek is 11 p.m. to 7:30 a.m., Tuesday through Saturday. Monday is a legal holiday. Tuesday is the employee's "in-lieu-of" holiday. The employee is required to work 8 hours on Monday and Tuesday. Premium pay is computed as follows:

	Compensable Hours							
Regularly scheduled workweek	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate plus 10 percent differential)			8	8	8	8	8	40
Holiday premium pay (scheduled rate plus 10 percent shift differential)			8					8
Overtime - 1.5 times the basic rate plus 10 percent shift differential)		8*						8*

* The employee's regularly scheduled workweek consists of 40 hours, Tuesday through Saturday. Monday becomes the overtime period because it is outside the employee's basic workweek.

Figure D-14.--Holiday Premium Pay Computation with Overtime, Example II

An employee's regularly scheduled workweek is 9 a.m. to 5:30 p.m., Monday through Friday. Monday is a holiday but the employee is required to perform 10 hours of work. Premium pay is computed as follows:

	Compensable Hours							
Regularly scheduled workweek	S	M*	T	W	T	F	S	Total
Basic rate (scheduled rate only)		8	8	8	8	8		40
Holiday premium pay (equal to basic rate)		8						8
Overtime - 1.5 times the basic rate		2						2

* Holiday

Figure D-15.--Holiday Premium Pay Computation with Overtime, Example III

A part-time employee who is entitled to observe a holiday has a regularly scheduled workweek from 9 a.m. to 4 p.m. (Monday, Wednesday, and Friday); there is no meal period during which the employee is entirely free from work requirements. Monday is a holiday and the employee is required to work 3 hours on that day. Holiday premium pay is computed as follows:

	Compensable Hours							
Regularly scheduled workweek	S	M*	T	W	T	F	S	Total
Scheduled Hours		7		7		7		21
Basic rate (scheduled rate only)		7		7		7		21
Holiday premium pay (equal to basic rate)		3						3

*Holiday
** If the employee had performed 10 hours of work on the holiday, 2 of these hours would be treated as overtime. (See Figure D-15.)

Figure D-16.--Holiday Premium Pay Computation for a Part-Time Employee, Example IV

d. Sunday Premium Pay (S8-4.e.)

(1) When an employee's regular work schedule includes a period of work on Sunday, the employee is entitled to additional pay at the rate of 25 percent of his or her hourly rate of basic pay for each hour of work performed during that period of work, up to 8 hours (unless under a compressed work schedule).

(2) Relation of Premium Pay for Sunday Work to Overtime, Night and Holiday Pay. Premium pay for Sunday work is in addition to premium pay for holiday work, overtime pay, and night shift differential and is not included in the rate of basic pay used to compute the pay for holiday, overtime and night work.

(3) Two Separate Tours of Duty. When an employee has two separate tours of duty on Sunday (e.g., one tour that begins on Saturday and ends on Sunday and another tour that begins on Sunday and ends on Monday) he or she is entitled to premium pay for Sunday work not to exceed eight hours for each tour of duty.

A part-time employee, with a work schedule that includes a workday that begins at 7 p.m. Saturday and ends at 1:30 a.m. Sunday (with a .5 hour meal break), is entitled to Sunday premium pay for that workday.

In this example, Sunday premium pay is computed as follows:

6 hours - basic rate (scheduled rate plus 7.5 percent night shift differential)
6 hours - Sunday premium pay at a rate equal to 25 percent of the basic rate

Figure D-17.--Example of Sunday Premium Pay

An employee works a regularly scheduled night shift from 5 p.m. to 1:30 a.m. (with a .5 hour meal break); one shift begins at 5 p.m. on Saturday and ends at 1:30 a.m. on Sunday, and the next begins at 5 p.m. on Sunday and ends at 1:30 a.m. on Monday. The employee is entitled to Sunday premium pay for both tours (a total of 16 hours), computed as follows:
16 hours - basic rate (scheduled rate plus 7.5 percent night shift differential)
16 hours - Sunday premium pay at a rate equal to 25 percent of the basic rate

Figure D-18.--Example of Two Separate Tours of Duty

An employee's regularly scheduled workweek is 7 a.m. to 5:30 p.m. (with a .5 hour meal break), Thursday through Sunday. Premium pay is computed as follows:								
	Compensable Hours							
Regularly scheduled workweek	S	M	T	W	T	F	S	Total
Basic rate (scheduled rate only)	8				8	8	8	32
Sunday premium pay (equal to 25% basic rate)	8							8
Overtime - 1.5 times the basic rate	2				2	2	2	8

Figure D-19.--Example of Sunday Premium Pay with Overtime

5. Within-Grade Increases (S8-5). Any employee covered by this appendix will be automatically advanced to the next higher rate of his or her grade at the beginning of the first applicable pay period following completion of the required waiting period, provided his or her performance in his or her position is satisfactory and that he or she had not received an equivalent increase in pay during his or her waiting period.

a. Waiting Periods (S8-5.b.)

(1) For employees on prearranged regular schedules, the waiting periods for advancement to the second, third, fourth and fifth steps in all grades are:

Employee advances to step rate number...	At the end of a waiting period of creditable service in the previous step of...	Provided the number of workweeks in a nonpay status during the waiting period does not exceed...*
2	26 calendar weeks	1 workweek
3	78 calendar weeks	3 workweeks
4	104 calendar weeks	4 workweeks
5	104 calendar weeks	4 workweeks
*Leave without pay in excess of these amounts must be made up with creditable service before the within-grade increase is effected.		

Figure D-20.--Waiting Period for Within Grade Increases (For Regularly Scheduled Employees)

(2) For employees without prearranged regular schedules, the waiting periods for advancement to the second, third, fourth, and fifth steps in all grades are:

Employee advances to step rate number…	When the employee has worked…*	Over a period of no fewer than…
2	130 workdays in a pay status	26 calendar weeks
3	390 workdays in a pay status	78 calendar weeks
4	520 workdays in a pay status	104 calendar weeks
5	520 workdays in a pay status	104 calendar weeks
* Any day on which part-time service is performed constitutes a full workday of credit. (Only the days on which service is performed are counted for employees without a prearranged, regularly scheduled tour of duty.)		

Figure D-21.--Waiting Period for Within Grade Increases (For Non-Regularly Scheduled Employees)

b. Creditable Service (S8-5.c.)

(1) Continuous civilian employment in any branch of the Federal Government or in the government of the District of Columbia, or service with a NAFI is creditable service in the computation of a waiting period.

(a) Service credit is given during periods of annual, sick, and other leave with pay, and service under a temporary appointment.

(b) The waiting period is not interrupted by nonworkdays intervening between an employee's last regularly scheduled workday in one job and his or her first regularly scheduled workday in a new job.

(2) For employees with prearranged regular schedules, creditable time in a nonpay status is counted in the computation of a waiting period when it does not exceed, in the aggregate, one workweek in the waiting period for step 2, three workweeks in the waiting period for step 3, and four workweeks in the waiting period for steps 4 and 5. When an employee has time in a nonpay status in excess thereof, he or she shall make it up with creditable service before his or her next within-grade increase is effected.

(3) Military service as defined in subparagraph (13) of reference (ac), is creditable service in the computation of a waiting period when:

(a) An employee is on leave of absence to perform such service and returns to pay status through the exercise of a restoration right provided by law, Executive Order, or Regulation.

(b) A former employee is reemployed with the Federal Service no later than 52 calendar weeks after separation from military service or hospitalization continuing thereafter for a period of not more than one year.

c. Noncreditable Service - Waiting Period (S8-5.d.). The following is not creditable service in the computation of a waiting period:

(1) Service outside of the regularly scheduled 40-hour workweek that is paid at overtime rates;

(2) Service before a single nonpay period or a break in service when the nonpay period or break in service exceeds 52 calendar weeks, and any part of a nonpay period of more than 52 calendar weeks.

(3) The period between the date an employee leaves his or her civilian job to enter the armed forces and the date of his or her reemployment when his reemployment is not within 52 continuous calendar weeks from the date of his or her discharge from the armed forces; except in instances of restoration provided by law.

d. Equivalent Increase (S8-5.e.)

(1) Except as otherwise provided in reference (f), equivalent increase is an increase or increases in an employee's scheduled rate of pay, equal to or greater than the amount of the within-grade increase for the grade in which the employee is serving.

(2) When an employee has served in more than one grade during the waiting period under consideration and it is necessary to determine whether he or she received an equivalent increase in a prior grade, an equivalent increase is an increase or increases in his or her scheduled rate of pay equal to or greater than the amount of the within-grade increase for advancement between steps of the prior grade.

(3) When an NAF employee receives more than one increase in his scheduled rate of pay during the waiting period under consideration, no one of which is an equivalent increase, the first and subsequent increases are added until they amount to an equivalent increase, at which time he or she is considered to have received an equivalent increase.

(4) For the purpose of subparagraphs (2) and (3) above, the waiting period under consideration is the waiting period immediately preceding an employee's current entry into the rate of the grade in which he or she is serving.

e. Increases in Pay not to be Counted as an Equivalent Increase (S8-5.f.)

(1) Application of a new or revised wage schedule or application of a new pay or evaluation plan.

(2) Payment of additional compensation in the form of nonforeign or foreign post differentials, or nonforeign cost-of-living allowances.

(3) Premium payment for overtime and holiday duty.

(4) Payment of night shift differential.

(5) Hazard pay differentials.

(6) Rates above the minimum rate of the grade in recognition of special qualifications, or in jobs in specific hard-to-fill occupations.

(7) Correction of an error in a previous demotion or reduction in pay.

(8) Temporary limited promotion (i.e., a promotion known in advance to be temporary) which is followed by a change to lower grade back to the former or a different lower grade.

(9) A transfer or reassignment in the same grade and step rate to another local wage area which has a higher wage schedule. If the employee is transferred to a higher grade, determination of whether there is an equivalent increase will be made in the same manner as if the employee had been transferred

at the same grade and step rate and then promoted to the higher grade.

(10) Repromotion to a former or intervening grade of any employee whose earlier change to a lower grade was not for cause and was not at the employee's request.

(11) An increase resulting from the grant of a quality increase.

6. Special Pay Plan for Tipped Positions Classified as Waiter/Waitress (S11-3)

a. Heads of local NAFIs may elect to implement this special plan in accordance with S11-3 of reference (f).

b. Coverage. This special pay plan only applies to positions properly classified as Waiter or Waitress.

c. The tip offset for employees classified as Waiter or Waitress may be established, increased, abolished, or decreased by the local NAFI on an annual basis and at such additional times as new or revised minimum wage statutes require.

Appendix E

Incentive Awards

1. Purpose. To establish programs to reward significant contributions made by individuals or groups to the mission of the organization, program, or command. Award programs include both cash and non-cash awards for special acts, suggestions, and inventions (including "honorary" awards for a broad range of contributions), and are given at the discretion of the head of the local NAFI. The combined limit for cash awards (incentive/performance) for NAF employees will be 10% of annual salary. An employee's aggregate compensation - basic pay plus any allowance, differential, bonus, award, or other cash payment - must not exceed rate payable for Level I of the Executive Schedule and is based upon the NAF Fiscal Year, February - January.

2. Performance Awards vs. Incentive Awards

a. Performance Awards. Performance awards are designed to recognize performance consistent with an employee's official performance rating of record. Performance awards always involve cash and they are given at least once a year. To qualify for a performance award, an employee must have an overall performance rating of "excellent" to "outstanding" or equivalent rating.

b. Incentive Awards. Incentive awards are more flexible and:

(1) Given for a single contribution or accomplishment which mayor may not be job related.

(2) Given to certain categories of employees, and some can also be awarded to contractors and members of the public who have made a significant contribution to the mission of the organization, program or command.

3. Categories of Incentive Awards

a. Special Act Award

(1) A special act award is given for individual or group recognition of a nonrecurring contribution - either within or outside the normal job responsibilities - such as an exemplary accomplishment, scientific achievement, act of heroism, or valuable engineering proposal.

(2) A special act award is normally a cash award, with the amount based on the contribution's benefit (tangible or intangible) to the organization. However, nonmonetary awards may also be given for special acts.

b. On-the-Spot Awards

(1) An On-the-Spot award is a small, immediate special act award designed to quickly reward extra work efforts or one-time achievements. On-the-Spot awards range from $10 to $200 and may be in the form of an MWR Gift Certificate and should be considered taxable income.

c. Time-off Award Time off from duty may be granted, without loss of pay or charge to leave, in recognition of superior accomplishment or other personal effort that contributes to the quality, efficiency, or economy of operations. These awards must be made in writing and included in local operating guidance.

(1) Examples of eligibility criteria are as follows:

(a) making a high quality contribution involving a difficult or important project or assignment;

(b) displaying special initiative and skill in completing an assignment or project before the deadline;

(c) using initiative and creativity in making improvements in a product, activity, program or service;

(d) ensuring the mission of the unit is accomplished during a difficult period by successfully completing additional work or a project assignment while maintaining the employee's own workload;

(e) accomplishing a specific, one-time, or special assignment that required extra effort or resulted in the organization receiving recognition for responsiveness to unprogrammed requirements.

(f) successfully participating in a quality or process improvement or team success;

(g) submitting a suggestion that has been adopted, but because the suggestion is considered to be within the employee's normal job responsibilities, the employee is not eligible for a cash award.

(2) Limitations to time off awards:

(a) The total amount of time off which may be granted to an employee during any one leave year is 80 hours. For part-time employees or those with an uncommon tour of duty, the total time which may be granted during any calendar year is the average number of hours of work in the employee's biweekly scheduled tour of duty.

(b) The maximum amount of time off which may be granted for any single contribution is 40 hours. For part-time employees or those with an uncommon tour of duty, the maximum award for any single contribution is one-half the maximum amount of time that could be granted during the year.

(c) Time off granted as an award must be scheduled and used within one year after the award is made.

(d) A time off award does not convert to cash under any circumstances.

(e) If the employee is transferring to another DoD activity outside of DoD, the time off cannot be transferred and, in order to avoid the loss of the time off, the employee should be allowed to use the incentive prior to the transfer.

(3) Documentation and record keeping

(a) Any time off award shall be supported by appropriate written justification that shall include a description of the reason for granting the award.

(b) The amount of time off shall be documented in the Official Personnel Folder for each occurrence.

d. Beneficial Suggestion Award

(1) Beneficial suggestion awards are granted for contributions or ideas, either adopted or adoptable by management, that have tangible or intangible benefits to the

organization. An idea that originated on the job, but which is outside the employee's immediate authority to execute, is considered a suggestion.

(2) Beneficial suggestion awards are usually cash awards, but may also be nonmonetary. There are three steps that may occur:

(a) The employee is given an initial, nonmonetary award for a suggestion judged adoptable by a designated reviewer. This can be a cap, mug, or other appropriate object with no significant monetary or utilitarian value.

(b) The employee is given an initial cash award of up to $100 for a suggestion being adopted locally or which the reviewer feels should be adopted. If a full cash award based on the benefits is awarded later, the initial cash award is deducted from the full award.

(c) The employee is given a cash award based on the actual tangible or intangible benefits of a suggestion that has been fully implemented.

(3) Amounts of beneficial suggestion awards should be proportionate to the benefits resulting to the organization, the MCCS or the Government and are normally based on the estimated first-year benefits only.

(a) Every effort should be made to determine tangible benefits resulting from employee contributions. For example, tangible benefits can be calculated or estimated when contributions conserve staffing power, materiel, time or space, eliminate unnecessary processes, or improve existing methods. However, when benefits cannot be measured, for example, from contributions which improve, science, medicine, natural resources, or service to the public, the award may be based on intangible benefits.

(b) The minimum award for tangible benefits may be granted only when the benefits reach or exceed $250. The amount of awards for tangible benefits should be 10 percent of the estimated first-year savings. Contributions recognizing intangible benefits should have a comparably high standard in value to the organization, the MCCS or the Government; however, the award amounts should approximate 10 percent of the award amounts for tangible benefits.

e. Honorary (Nonmonetary) Awards

(1) Honorary awards include a broad range of awards for significant contribution or length of career Government service. They range from Marine Corps-wide to Government-wide.

(a) Marine Corps NAF employees are eligible for the following Department of the Navy honorary awards:

1 Distinguished Civilian Service Award

2 Superior Civilian Service Award

3 Meritorious Civilian Service Award

(b) Criteria and procedures for the above honorary awards are specified in CPI 451.

(2) Most honorary awards are nonmonetary, although some honorary awards do include cash awards.

(3) Honorary awards are designed to recognize a specific kind of contribution. Nonmonetary awards can be used at the discretion of heads of local NAFI's to recognize employee accomplishments. These may include medals, certificates, and pins carrying an honorary award connotation.

(4) Nonmonetary awards can be used in lieu of, or in addition to cash awards.

(5) Nonmonetary awards may also be used to recognize specific employee accomplishments, such as being selected as "Employee of the Month," or recipient of a "Warm and Fuzzie"
award; having an outstanding safety record; recruiting people for hard-to-fill positions, etc. When these nonmonetary awards are given as part of a special program (e.g., a safety program), they should carry the program insignia.

(6) In selecting an object to be used for a nonmonetary award, heads of local NAFI's should take care that the object is modest in cost and has no significant utilitarian value. A watch or TV set, for example, would not be appropriate.

(a) Sick Leave Accrual Awards. Certificates signed by the official designated below shall be presented to employees who

have accrued 500 or more hours of sick leave:

500 Hours	AC/S MCCS
1,000 Hours	Commanding Officer/General
1,500 Hours	Commanding Officer/General
2,000 Hours	CMC
2,500 Hours	CMC
3,000 Hours	CMC

Note: Requests for certificates to be signed at Headquarters, U.S. Marine Corps level should be submitted quarterly to CMC (MR) with all pertinent information.

(b) Length of Service Awards. Service awards shall be issued to recognize the completion of 5, 10, 15, 20, 25, 30, 35, 40, and 45 years of creditable civilian service by a NAF employee. No time for prior military service is creditable for Length of Service Award purposes. Length of service awards for 5, 10, 15, 20, 25, 30, and 35 will be prepared at the command level. CMC (MR) will prepare and forward appropriate length of service awards to commands for 40, and 45, on a quarterly basis (January, April, July, and October). Submission of applications by commands is not required except for employees of nonautomated NAFI's or those employees not participating in the retirement and insurance plans. These employees must be reported to CMC (MR) not later than the 15th of the month preceding the end of the quarter. Reports shall contain a list of employees, employment date(s) (day, month, and year) and name of the employing NAFI.

1 Five Years. A certificate of appreciation, signed by the local commander.

2 Ten Years. A certificate of appreciation, signed by the local commander, together with a lapel pin, will be awarded.

3 Fifteen Years. A certificate of appreciation, signed by the local commander, together with a lapel pin will be awarded.

4 Twenty Years. A certificate of appreciation, signed by the local commander, together with a lapel pin, will be awarded.

5 Twenty-Five Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of

appreciation, signed by the local commander, together with a lapel pin.

6 Thirty Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the local commander, together with a lapel pin.

7 Thirty-Five Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the local commander, together with a lapel pin.

8 Forty Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the Commandant of the Marine Corps, together with a lapel pin.

9 Forty-Five Years. A plaque containing the Marine Corps emblem, with an appropriate inscription of appreciation, signed by the Commandant of the Marine Corps, together with a lapel pin.

(c) Computation of Creditable Service. A constructive service date (CSD) is used to determine eligibility for length of service awards. Only regular full-time or regular part-time service is recognized for length of service awards. Prior Military Service should be recognized in the "Prior Months' Credit Service" block on MWR 500 to ensure appropriate leave accrual rate.

1 If an employee has been employed more than once at the same NAFI, or employed at different DoD NAFI's, their CSD is determined by deducting the total prior employment from the current employment date by using the following formula:

a List all employment dates.

b List all termination dates.

c Add all employment dates.

d Add all termination dates.

e Subtract total employment dates from total ending dates.

(if more months are needed to make the subtraction, deduct one year from the total termination dates and add 12 months. If more days are needed, deduct 1 month from total of ending dates and add 30 days.)

f Add 1 day for each period of employment to amount for inclusive dates.

g Convert the results into full years, months and days. This is the amount of employment creditable for computing the CSD. Employee is hired by Marine Corps Exchange at Henderson Hall on 20 February 1971. Employee had the following prior employment with other DoD NAFIs.

	EMPLOYMENT DATE			TERMINATION DATE					
	Year	Mo	Day	Year	Mo	Day			
MCX, San Diego		60	6	6	62	8	18		
COM (O), Camp Lejeune	62	9	25	65	1	30			
AAFES, Eglin AFB	65	3	10				68	4	9
RecFund, Parris Island	68	7	1	70	12	15			
TOTALS	255	25	42	265	25	72			
				-255	25	42			
				10	0	30			
(Add a day for each period to cover inclusive dates.)									
						+4			
TOTAL PRIOR EMPLOYMENT				10	1	4			
				==	=	=			
Employed by MCX, Henderson Hall 71 2 20									
Deduct Prior Employment				10	1	4			
NEW CONSTRUCTIVE SERVICE DATE (CSD)				1961	1	16			

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(c) Retirement Certificate. A standard commendatory retirement certificate form is available for NAF employees and provided by the CMC (MR). It is designed for signature at the local command level and recognizes all U.S. Government employment. The CMC (MR) does not maintain records on NAF employees' service with other Federal employers (non-NAF). These certificates are not prepared nor automatically distributed by the CMC (MR). Commands may request them on an as needed basis. Requests should be based on estimates of requirements for the coming year and shall be submitted annually to the CMC (MR) by 30 September.

APPENDIX F

OFFICIAL PERSONNEL FOLDER

1. General. Employee files provide administrative records on the work force and essential information about employees. They shall be maintained as the official files of the NAFI, treated in confidence, and handled only by those in a need-to-know basis.

2. Official Personnel Folder

a. The "Official Personnel Folder" (OPF), SF-66 or a suitable craft folder no larger than 9 1/2" x 11 3/4" shall be utilized as the OPF. The tab insert of the SF-66 or label shall be plainly marked and contain the following items:

(1) Type the employee's name, flush with the upper left top margins, last name, first name, middle initial or "NMN" for no middle name, and then Sr., Jr., or numerals of the name, if appropriate.

(2) To the right of the name, type the employee's date of birth, expressed as month, day, and year in six numerals (e.g., 00-00-00)).

(3) Type the employee's Social Security Account Number (e.g., SSAN 000-00-0000) under and flush with the last name. The SSAN must be entered for all U.S. citizens and for all foreign nationals employed in the United States, its territories and possessions. For foreign and third country nationals as such, employed in foreign areas, enter the letters "FNO" under the flush with the last name.

b. OPFs shall be filed alphabetically for both active and inactive employees and stored in locked metal cabinets. The active files are to be segregated from the inactive files.

c. Each OPF shall contain all the essential information of the employee. Government (SF, OF, etc.) forms shall be utilized. If a government form does not exist for the purpose desired, a

locally originated form may be developed and with approval of CMC (MR) be used to supplement government forms.

d. The following documents constitute permanent information on the employee and shall be maintained on the right side of the OPF in chronological order:

(1) Application for Employment. The original application filed by the employee or the application containing verification of completion of a National Agency Check (NAC), if applicable, and the most recent application are the only required applications to be maintained in the OPF. In addition, if applicable, the application for and approval for waiver of the 180-day restriction on employment of retired military personnel.

(2) Personnel/Payroll Actions. The "Marine Corps NAFI Personnel Report", MWR Form 500, including supporting documentation.

(3) Certificate of Completion of Investigation or Clearance. Any documents other than the stamped application for employment which certify completion of a security investigation and/or issuance of a security clearance.

(4) Position Description. Official position descriptions with "Position Description" cover sheet, Optional Form (OF) 8.

(5) Medical Records. Other than fitness-for-duty examination records, no medical records of any type shall be maintained in the OPF. Medical certificates and any other medical records of examinations used to determine an employee's fitness for the job are permanent records and shall be placed in a sealed envelope. The employee's name (last, first, middle initial), date of birth, and social security number, as illustrated in DOD 5000.12-M, shall appear on the envelope in its upper right hand corner. The envelope shall be secured behind all documents on the right side of the OPF. The envelope shall remain attached until the OPF is forwarded to another NAF activity at which time the receiving NAF activity, upon receipt of the folder, shall remove the sealed envelope and place its contents either in the health unit or in a locked cabinet for safeguarding medical records. All documents pertaining to Workers' Compensation claims should be maintained in a separate file.

(6) Health and Group Life Insurance. A copy of each "Group Insurance Enrollment/Waiver/Change Agreement for Civilian Employees of Marine Corps Nonappropriated Fund Instrumentalities", MWR Form 499 or waiver thereof, including those changing beneficiaries.

(7) Retirement Plan/401(k)Plan Coverage. A copy of the "Application for Participation-Retirement Plan", MWR Form 85 and/or a copy of the "Waiver/ Cancellation of Participation-Retirement Plan", MWR Form 86 and "Designation/ Change of Beneficiary", MWR Form 87. A copy of the "Enrollment Application for 401(k)", MWR Form 91 and "Designation of Beneficiary", MWR Form 92.

(8) Performance Appraisal. Copies of the five most recent performance appraisals.

(9) Record of Training. Certificates, letters or other official records of training, both formal and informal.

(10) Formal Disciplinary Actions. Separations, demotions, suspensions and letters of reprimand.

e. The following documents constitute temporary information on the employee and shall be maintained on the left side of the OPF in chronological order:

(1) Personnel Action Request. Copies of Requests for Personnel Action.

(2) Employee's Withholding Allowance Certificate. A copy of the employee's most recent U.S. Treasury Department (Internal Revenue Service) Form W-4 and the respective state or territory form indicating income tax withholdings, or other state form addressing nonresidence in the state while earning wages in that state. This is applicable to areas like Washington, D.C., Maryland, West Virginia whose residents are within a commuting distance into the state of Virginia to earn wages.

(3) Military Orders. Certified copies of completed military orders for annual active (reserve) duty.

(4) Check-Out/Exit Interview Sheets. A copy of the employee's signed and dated check out or exit interview sheet.

f. When employment of an individual is terminated, the OPF shall be marked "Inactive" and filed in the inactive file with final "Master Record Printout" PP-917 (computer summary report) filed on top of all documents on the right side of the OPF. These folders should be retained for a period of at least 12 months after which time they shall be forwarded to the National Personnel Records Center. At that time, all temporary records on the left side of the folder shall be removed. If, prior to forwarding the OPF to the records center, the individual is hired the OPF shall, upon request from the employing NAFI, be forwarded to the new employer.

g. When an employee has been placed in a leave-without-pay (LWOP) status, NAF personnel offices shall assure that the OPF is in proper order, marked appropriately for easy identification, and retained in the active file. When it is determined that the individual will not seek reemployment or is otherwise ineligible for restoration, the OPF shall be marked "Inactive" and filed in the inactive file.

h. The following documents shall not be filed in OPFs:

(1) Records of medical examinations and other miscellaneous medical records shall be kept confidential in a separate medical folder secured in a locked cabinet during the employee’s NAF employment.

(2) Employment qualification tests and other examinations.

(3) Photographs of the employee.

(4) Correspondence about indebtedness, excessive absence, tardiness, letters of warning or caution--unless it supports formal disciplinary action.

(5) Leave requests or approvals.

(6) Records of court attendance.

(7) Reports of accidents or traffic violations.

APPENDIX G

CIVILIAN ASSISTANCE AND RE-EMPLOYMENT (CARE) FOR NAF EMPLOYEES AFFECTED BY WORKFORCE REDUCTIONS

1. Funding of NAFI Base Ralignment And Closure (BRAC) Costs
Consistent with the Under Secretary of Defense for Personnel and Readiness memorandum of November 24, 1993, funding of NAFI BRAC costs from appropriated fund BRAC accounts is authorized. Components are responsible for identifying base closure program requirements for affected tenant activities, including NAF activities, to obtain authorized funds.

2. Programs Applicable Only In BRAC Situations

a. Annual Leave Savings. Employees who earn annual Leave and will be involuntarily separated as a result of BRAC shall be offered the opportunity to accumulate annual leave without regard to existing "use or lose" limitations. However, limits on any annual leave used in calculating retirement annuities remain in effect.

b. Non-Federal Hiring Incentives. A temporary program May be established for the payment of retraining and relocation incentives to encourage non-federal employees to hire and retain individuals whose employment is being terminated because of BRAC. The total combined payment for retraining and relocation for any individual may not exceed $10,000. No incentive may be paid for training or relocation commenced after September 30, 1999.

c. Hiring Preference for Certain Contractor Jobs. Consistent with subpart 222.7100 of the Defense Federal Acquisition Regulation Supplement, a request for procurement of a contractor to provide base "caretaker" services needed as a result of BRAC shall include language to ensure that employees affected by BRAC receive the right of first refusal for jobs, for which they are qualified, that would be created by award of the contract. Examples of such contracts include those covering environmental restoration, utility modification, security, and fire prevention.

3. Programs Applicable In BRAC And General Workforce Reduction Situations

a. Voluntary Separation Incentive Pay (VSIP). Component heads may authorize VSIP to encourage certain employees to voluntarily resign or retire to reshape and reduce the workforce, and reduce the need for involuntary separation by Business-Based Action. A VSIP is made in a lump-sum payment equivalent to an employee's severance pay, up to a maximum of $25,000. For the purpose of calculating VSIP for NAF employees, the severance pay calculation may not exceed the amount calculated using the civil service formula in 5 U.S.C. 5595(c). A VSIP is paid upon the voluntary resignation, early retirement or optional retirement of designated eligible employees. NF-6 employees are "equivalent" to SES and are ineligible for VSIP except where approved by the OASD (FMP). A VSIP may not be paid to any employee separating after September 30, 1999.

b. Joint Training Partnership Act (JTPA). The National Defense Authorization Act for Fiscal Year 1993 (P.L. 102-484), made dislocated DoD employees, including NAF employees, eligible for training, adjustment assistance, and employment services through the Department of Labor.

c. Extended Employment for Retirement and Health Insurance Eligibility. To enable employees to reach first eligibility for a retirement annuity or retiree health insurance, employees shall be carried in an annual leave status beyond the scheduled separation date to the extent such leave is available in the employee's annual leave account. An employee may not be carried in a leave status to enable the employee to become eligible for optional retirement if he or she is already eligible for early retirement.

d. Defense Outplacement Referral System (DORS). DORS is an automated referral system designed to provide opportunities for placement consideration to current DoD civilian employees, including NAF employees, and their spouses who may be adversely by workforce reduction. Such individuals shall be given an opportunity to register. Registration policy and procedures are stated in the DORS NAF User's Guide and Automation Guide.

e. Reemployment Priority List (RPL). In accordance with

Chapter V of this manual, each personnel office that separates a NAF employee by Business-Based Action shall establish an RPL to provide priority placement assistance to the former employee for one year from the date of separation.

f. Office of Personnel Management (OPM) and Interchange Agreement. Consistent with 5 U.S.C. 2105 (c)(1)(D), on September 20, 1991, OPM and DoD entered into an agreement entitled, "Agreement for the Movement of Personnel between the Civil Service System and the NAF System in DoD." It permits the movement of NAF employees to positions in the competitive service in the same manner that employees of the competitive service are transferred to such positions. DoD appropriated fund personnel offices should make every effort to include in the minimum area of consideration and are eligible for noncompetitive appointment under the Interchange Agreement.

g. Pay and Employee Benefits Protection Under the "Portability of Benefits Act". "The Portability of Benefits for Nonappropriated Fund Employees Act" of 1990, P.L. 101-508, as amended, provides pay and benefits protection for employees who move between NAF and appropriated fund positions under certain conditions.

h. Permanent Change of Station (PCS) Expenses. PCS expenses may be authorized for essential travel and transportation of NAF employees and their dependents in amounts not to exceed those prescribed in Volume 2 of the Joint Regulations (JTR) when NAF employees:

(1) Are entitled to and accompany a transfer of function; or

(2) Have been issued a Business-Based Action (BBA) notice and are to be reassigned or transferred within DoD before separation; or

(3) Have yet to receive a BBA notice, and obtain positions on their own initiative at another DoD NAFI, and the move is considered to be in the interest of the Government; or

(4) Are former Regular Full-Time or Part-Time employees

separated by BBA, or decline a transfer with function, and are reemployed within one year of separation under a non-temporary appointment at a permanent duty station other than where separation occurred.

i. Homeowner's Assistance Program (HAP). The HAP is authorized by P.L. 89-754, section 1013, as amended by P.L. 101-510 to cover NAF employees. Basic policy is contained in DoD Directive 4165.50 and DoD 1400.20-M-4. The Executive Agent for this program is the U.S. Army Corps of Engineers. The law authorizes financial assistance to those eligible military and DoD civilian employee homeowners, including NAF employees, serving at or near military installations who suffer losses incident to the disposal of their homes caused by a drop in real estate values when such military installations are ordered closed, or the scope of operations is reduced. The assistance received may take the form of payment from the government to ameliorate of losses due to mortgage foreclosure. The law provides a HAP fund established as the Homeowners Assistance Fund, Defense. Therefore, appropriated funds are authorized for NAF employees eligible for HAP.

j. Severance Pay. Eligible employees separated by Business-Based Action(BBA) shall receive severance pay in accordance with Chapter III of this Manual.

k. Temporary Continuation of Health Insurance. Eligible NAF employees affected by Business-Based Action (BBA) shall be offered the opportunity to elect to retain their health insurance coverage for up to 18 months from the BBA separation. To be eligible, the employee must be separated by BBA, or resign or retire (if not meeting the required years of participation in the plan to continue benefits into retirement) after receipt of a BBA separation notice, and have been enrolled in a NAF health insurance plan for at least six months and still be enrolled at the time of separation by BBA. Components may require the employee to pay the full cost of the coverage to include any applicable administrative fee. Components may finance the employer's share and administrative fee, for up to 18 months, from BRAC or NAF funds. Although NAF employees are not covered by the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 health benefits extension requirements applicable to federal appropriated fund employees, NAF employers should consider these

requirements when determining length of extension and cost to the employee.

l. Unemployment Compensation. Eligible employees shall receive unemployment compensation in accordance with federal and applicable state law. Chapter 6 of this Manual contains basic policy.

APPENDIX H

DoD PORTABILITY PROGRAM

1. Portability of Benefits for Nonappropriated Fund Employees Act of 1990.

A. REQUIREMENT. Department of Defense and the Commandant of the Marine Corps have delegated the authority and responsibility for implementation to the Director, Personal and Family Readiness Activity (MR).

B. COVERAGE AND EFFECTIVE DATE. (See P.L. 104-106, Section 1043 Portability Provisions in Section II of this Appendix for amended coverage and effective dates.)
The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 applies to DoD civilian employees who move between nonappropriated fund (NAF) and civil service employment systems within DoD without a break in service of more than three calendar days. The program applies regardless of whether the move is "involuntary" (employee is moved with position from one system to the other) or "voluntary" (employee initiates the move by applying for and receiving employment in the other system). However, many provisions are applied differently depending on whether the move is involuntary or voluntary. The Program is effective retroactively to January 1, 1987. Actively employed DoD employees (not individuals no longer in an employee status) who have moved on or after that date shall have their benefits adjusted as though the Program were in existence on the date of their move.

C. APPOINTMENTS

(1) Involuntary Move

(a) A NAF employee may be eligible for conversion to career-conditional employment if the employee was serving in a NAF position on the date that the position was brought into the competitive service and the agency determines that this is a "continuing" position. Criteria in Subchapter 7-2, FPM Chapter

315, as modified by the OPM/DoD Delegation Agreement, Section IIIc, dated June 13, 1980, must be met. Personnel actions will be processed in accordance with FPM Supplement 296-33.

(b) A civil service employee whose position is abolished and reestablished as a NAF position will be afforded reduction-in-force rights in accordance with the FPM. Those employees who move with their job to NAF status shall be appointed without competition for the NAF job.

(2) Voluntary Move. Regardless of the direction of the move, the normal appointment procedures of the gaining employment system apply.

D. PAY PROVISIONS FOR MOVES FROM NONAPPROPRIATED FUND TO CIVIL SERVICE POSITIONS

(1) General Applicability

(a) Pay Setting Provisions. The "Portability of Benefits for Nonappropriated Fund Employees Act of 1990" amended Section 5334 of title 5, United States Code, to include pay setting provisions for NAF employees moving to General Schedule positions. The pay provisions of P.L. 92-392, as regulated by OPM in FPM Supplement 532-1, continue to apply to Civil Service Wage Schedule positions. Sections D.2, D.3, and D.4 below describe how to set pay for employees, based upon the category of position to which the employee moves.

(b) Grade and Pay Retention. The Portability Act authorized grade and pay retention for all NAF employees who are involuntarily moved to a civil service position. The application 3.a(2); and 4.a(2) below.

(2) Setting Basic Pay Upon Movement from any NAF Position to a General Schedule Position

(a) Involuntary Move

1 Pay shall be set at a rate within the grade to which moved that is not less than the employee's rate of basic pay under the NAF system immediately prior to the move. In determining the last rate of basic pay, a saved pay rate to which

the employee was entitled under the NAF system will apply, as well as pay received in a NAF special rate position. Additions to pay such as night shift, environmental differential, and other premium payments are excluded from consideration as basic pay. Basic pay may not be set above the maximum of the grade to which moved, except as provided in 2 below.

2 Grade and pay retention benefits apply where the involuntary move resulted in a reduction in grade or pay. Grade and pay retention benefits will be administered in accordance with FPM Chapter 536.

3 Prior to moving an employee from NAF Payband Level 5 to a General Schedule position, the NAF activity shall determine if an adjustment in NAF pay is necessary. Adjustments in NAF pay shall be effected, where necessary, to ensure that the maximum rate of pay retained in the move shall not exceed the rate of pay for a GS-15, step 10 for the position and geographical area to which moved.

(b) Voluntary Move. Basic pay may be fixed at either:

1 the minimum rate of the appropriated grade, or;

2 at any step of that grade which do not exceed the employee's highest previous rate of NAF basic pay. Determination of highest previous rate shall be in accordance with the FPM.

(3) Setting Basic Pay Upon Movement From an NA, NL, or NS NAF Crafts and Trades Position to a Civil Service Wage Schedule Position

(a) Involuntary Move

1 Subject to applicable promotion regulations found in FPM Supplement 532-1, S8-3, pay may be set at either:

a the employee's existing scheduled rate of pay, or;

b at any rate at which does not exceed his/her highest previous rate of pay. If the highest previous rate falls between two rates of the new grade, the higher rate may be paid. The highest previous rate of pay will be computed in accordance with S8-3e of FPM Supplement 532-1.

2 Grade and pay retention benefits apply where the involuntary move resulted in a reduction in grade or pay. Grade and pay retention benefits will be administered in accordance with FPM Supplement 532-1, Subchapter S9.

(b) Voluntary Move. Subject to applicable promotion regulations found in FPM Supplement 532-1, S8-3, basic pay may be set at either:

1 the minimum step rate of the grade, or;

2 at any rate of the new grade which does not exceed the employee's highest previous rate falls between two rates of his/her grade, the higher rate may be paid. The highest previous rate will be computed in accordance with S8-3e of FPM Supplement 532-1.

(4) Setting Basic Pay Upon Movement From a UA, AS, PS or Payband NAF Position to a Civil Service Wage Schedule Position

(a) Involuntary Move

1 Basic pay will be set in accordance with FPM Supplement 532-1, Subchapter S8 provisions for new appointments. Under these provisions, pay is set at the minimum rate of the appropriate grade, except as provided by exceptions for recognition of special qualifications and hard-to-fill occupations.

2 Grade and pay retention benefits apply where the involuntary move resulted in a reduction in grade or pay.

Grade and pay retention benefits will be administered in accordance with FPM Supplement 532-1, Subchapter S9.

(b) Voluntary Move. Basic pay will be set in accordance with FPM Supplement 532-1, Subchapter S8 provisions for new appointments. Under these provisions, pay is set at the minimum rate of appropriate grade, except as provided by exceptions for recognition of special qualifications and hard-to-fill occupations.

E. PAY PROVISIONS FOR MOVE FROM CIVIL SERVICE TO NONAPPROPRIATED FUND POSITIONS

(1) General Applicability

(a) Rate of Basic Pay. The DoD NAF UA, AS, PS, and payband pay setting provisions below have been adjusted to parallel the pay setting provisions provided by the "Portability of Benefits for Nonappropriated Fund Employees Act of 1990" for movements to the General Schedule. NAF Crafts and Trades positions are covered by the pay provisions of P.L. 92-392, as regulated by OPM in FPM Supplement 532-2. Sections E.2 and E.3 below describe how to set pay for employees, based upon the category of position the employee moves.

(b) Grade and Pay Retention. There are no NAF provisions for grade retention for UA, AS, PS, or payband employees. A civil service employee involuntarily moved to a UA, AS, PS or payband employee shall be eligible for pay retention. Employees moving from any position in the civil service to NAF Crafts and Trades position are covered by the grade and pay retention provisions in subchapter VI of chapter 53 of title 5, United States Code and implementing regulations. Instructions for applying grade/pay retention are found in 2.b and 3.b below.

(2) Setting Basic Pay Upon movement form any Civil Service Position to a Universal Annual (UA), Administrative Support (AS), Patron Service (PS), or Payband NAF Position

(a) Involuntary Move

1 Pay shall be set at a rate within the

appropriate NAF grade or payband level that is not less than the employee's rate of basic pay immediately prior to the move. In determining the employee's last rate of basic pay, a saved pay rate to which the employee was entitled under the appropriated fund system will apply, as well as pay received in an appropriated fund special rate position. Additions to pay such as night shift, environmental differential, and other premium payments are excluded from consideration as basic pay. Basic pay may not be set above the maximum of the grade to which moved, except as provided in 2 below.

2 If the employee's last rate of basic pay is above the maximum rate of the grade or payband level to which moved, pay retention provisions shall be applied in accordance with Chapter III of this Manual. Pay retention for employees
moved from a civil service position to a payband position shall be administered in accordance with the payband system instructions used for pay retention situations.

(b) Voluntary Move. Basic pay may be fixed at either

1 the minimum rate of the appropriated grade or payband level, or;

2 at any step of that grade or any rate within that payband level which does not exceed the employee's highest previous rate of basic civil service pay.

(3) Setting Basic Pay Upon movement from any Civil Service Position to an NA, NL, or NS NAF Crafts and Trades Position

(a) Involuntary Move

1 Subject to applicable promotion regulations found in FPM Supplement 532-2, S8-3, pay may be set at either:

a the employee's existing scheduled rate of pay, or;

b at any rate which does not exceed his/her

highest previous rate of pay. If the employee's highest previous rate falls between two rate of the new grade, the higher rate may be paid. The highest previous rate of pay will be computed in accordance with FPM Supplement 532-2, Subchapter S9.

(b) Voluntary Move. Subject to applicable promotion regulations in FPM Supplement 532-2, Subchapter S8, basic pay may be fixed at either:

1 the minimum step rate of the grade, or;

2 at any rate of the new grade which does not exceed the employee's highest previous rate of pay. If the employee's highest previous rate falls between two rates of his/her grade, the higher rate may be paid. The highest previous rate of pay for an employee will be computed in accordance with S8-3e of FPM Supplement 532-2.

F. CREDITING OF SERVICE IN WAITING PERIODS FOR WITHIN-GRADE STEP INCREASES (INVOLUNTARY AND VOLUNTARY MOVES)

(1) NAF to Civil Service General Schedule Moves

(a) NAF service shall be credited toward the period of service required for step increases in the General Schedule.

(b) OPM regulations will apply in determining whether an employee previously in a NAF Payband position has received an equivalent increase for within-grade increases determinations.

(2) NAF to Civil Service Wage Schedule Moves

(a) NAF NA, NL, and NS service shall be credited toward the period of service required for step increases in accordance with FPM Supplement 532-1.

(b) NAF service in UA, AS, PS, or Payband positions is not creditable.

(3) Civil Service to NAF Moves. Civil service

employment will be credited in the same manner as NAF service.

(a) FPM Supplement 532-2, Subchapter S8, augmented by Appendix D of this Manual applies to all hourly paid NAF employees.

(b) There are no within-grade increases in the NAF payband system.

G. CREDITING OF SERVICE TOWARDS TIME-IN-GRADE REQUIREMENT FOR PROMOTION (INVOLUNTARY AND VOLUNTARY MOVES)

(1) NAF to Civil Service Moves. NAF service will be credited in the General Schedule in accordance with FPM CHAPTER 300, Subchapter 6.

(2) Civil Service to NAF Moves. Civil service employment will be credited in the same manner as is NAF service.

H. CREDITING OF TIME-IN-SERVICE IN COMPUTING SEVERANCE PAY (INVOLUNTARY AND VOLUNTARY MOVES)

(1) NAF to Civil Service Move. The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 does grant the authority to credit NAF service when computing civil service severance pay.

(2) Civil Service to NAF Move. Civil service employment shall be credited in the computation of NAF severance pay.

I. RETIREMENT. (See FPM Bulletin 830-10 dated March 5, 1991, for OPM Interim Regulations on Retirement Coverage and OPM regulations, 5 CFR, Parts 831, 837, 841, 842.)

(1) General Applicability. All retirement portability provisions are applied exactly the same regardless of whether the move is involuntary or voluntary. Also, except for the areas of employer and employee contributions addressed below, all provisions are applied exactly the same regardless of the direction of the move, NAF to Civil Service or Civil Service to NAF.

(2) Employee Election of Retirement Plan. (See P.L.

104-106 Portability Provisions in Section II of this Appendix for amended eligibility requirements and new election provisions.)

(a) General. If the employee is vested (for FERS and CSRS, five years of creditable service is considered vested) in the plan of the losing employment system at the time of the move, the employee may elect to retain active membership in that plan. Or the employee may enter the plan of the gaining employment system without transfer of losing plan service credit. Once an employee is given an opportunity to retain membership in either FERS or CSRS, they will never again be given an opportunity to retain membership in that same plan. Once an employee is given an opportunity to retain coverage in a NAF plan, he/she will never again be given an opportunity to retain membership in any NAF plan.

1 Election to Retain Coverage in Plan of Losing Employment System. An employee's decision to retain active membership in the plan of the losing employment system is irrevocable. Therefore, regardless of future moves between NAF and civil service employment, in or out of DoD, breaks in service, and retirement coverage would remain with the plan in which the employee elected to retain membership.

2 Employee Does Not Elect to Retain Coverage In Plan of Losing Employment System. In this case, the employee may enter the plan of the gaining employment system without transfer of losing plan service credit. Therefore, the Service Computation Date (SCD) used by the gaining employment system for retirement purposes is the date the employee enters the plan of the gaining employment system (unless the employee already has service credit in that plan). For example, if a NAF employee moves to civil service status and enters FERS, the employee will receive no service credit in FERS for time spent in the NAF plan. Time spent in the NAF plan will not count for FERS annuity computation or retirement eligibility. The employee may not "purchase" such service credit by paying money into the FERS plan to cover the NAF service.

(b) Standard Election Form. (For moves after August 10, 1996 see revised forms issued via CMC letter of September 26, 1996.) By memo dated March 14, 1991, OPM issued three standard

election forms--one covering CSRS to NAF, and one covering NAF to either CSRS or FERS. Also enclosed with the OPM memo were procedures concerning the election forms, and a notice to be placed in the Official Personnel Folder (OPF) when an employee elects to retain membership in a NAF retirement plan. The gaining employment system personnel offices shall use the appropriate election form and explain its purpose to the employee. The gaining employment system personnel office must fill in Part 1 of the appropriate election form. This requires assistance and cooperation from the losing employment system which must provide timely information. In accordance with OPM requirements, the following procedures for completing and filing employee election forms shall be followed:

1 The personnel office completes Part 1 of the form and makes a copy of the form.

2 The personnel office gives both copies of the form to the employee and has the employee immediately read and sign Part 2 of one copy of the form. The personnel office collects and retains the copy of the form that the employee signed (both Parts 1 and 2 completed). The employee keeps the other copy with only Part 1 completed.

3 The personnel office files the signed copy on the left side of the OPF (or in some other temporary file) until the employee makes an election or the time limit for making an election expires.

4 When the employee makes an election by signing the box in Part 3 of the form and returns it to the personnel office, the personnel office marks the date of receipt on the form and makes a copy of the form (with Parts 1 and 3 completed). The personnel office gives the employee the copy of the form that does not have the original signature in Part 3, files the form with the original signature in Part 3 on the right side of OPF, and destroys the copy of the form with Part 2 completed.

5 If the time limit expires without the employee returning the election form with Part 3 completed, the personnel office takes the form with Part 2 completed, makes a

notation that the employee did not file a form with Part 3 completed, and files the form on the right side of the OPF.

(c) Time Limit for Making Election. If the move occurs on or after April 7, 1991, the time limit for making the election is 30 days after the effective date of the move. If the move occurred on or after January 1, 1987, but before April 1, 1991, the time limit for making the election is May 6, 1991. The employee must return the standard election form to the personnel office by the appropriate deadline or the employee has in effect to enter the plan of the gaining employment system without transfer of losing plan service credit.

(d) Waiver of Time Limit for Making Election. CMC (MR) is authorized to grant an exception to the deadline for employees who exercise due diligence but are prevented by circumstances beyond their control from making a timely election. In accordance with OPM interim retirement regulations issued in the February 7, 1991, Federal Register, the agency decision to grant or to deny a waiver of time limit is final and not appealable to OPM, and the procedures for waiving the time limit must not allow reviews under any employee grievance procedures, including those established by Chapter 71 of title 5, USC, and part 771 of title 5, CFR.

(e) Effective Date of Election. The election shall be retroactive to the date of the move.

(3) Employee Contribution to Plan when the Employee Elects to Retain Membership in the Plan of the Losing Employment System. The employee contribution to the defined benefit plan will be determined in the same manner as it is determined for the other employees in the plan. The gaining employer shall remit
the employee's contribution to the plan, including FERS Thrift Savings Plan contributions where applicable.

(4) Employer Contribution to Plan When Its Employee Has Retained Membership in the Plan of the Losing Employment System

(a) NAF Employer contribution to Defined Benefit Part of FERS. The contribution will be the "normal cost

percentage" of basic pay determined by OPM under 5 USC 8423. Also, social security payments are made for employees in FERS.

(b) NAF Employer Contribution to FERS Thrift Savings Plan. The contribution will be a minimum of 1% of basic pay regardless of whether the employee contributes; and, additionally, if the employee does contribute, the employer will match the employee's contribution dollar for dollar for the first 3 percent of pay contributed and $.50 on the dollar for the next 2 percent of pay contributed. (Note: While a CSRS participant may contribute up to 5% of basic pay to the FERS Thrift Savings Plan, no employer matching contribution is permitted.)

(c) NAF Employer Contribution to CSRS. The employer contribution for the NAF employee in the CSRS will be calculated in exactly the same way as the agency contribution for a civil service employee in CSRS. Also, social security payments are not made for employees in CSRS, but are made for employees in CSRS Offset.

(d) Civil Service Employer Contribution to the Respective NAF Retirement Plan. The actual contribution for the civil service employee in the NAF plan will be calculated in exactly the same way as the actual contribution for a NAF employee in the NAF plan.

J. ANNUAL, SICK AND HOME LEAVE

(1) General Applicability. All provisions are applied exactly the same regardless of whether the move is involuntary or voluntary, and regardless of the direction of the move, NAF to civil service or civil service to NAF.

(2) Transfer of Leave Balance. All leave will transfer without limit. The employee will be credited with the full amount of leave even in those cases where the employee may receive a higher rate of pay from the gaining employment system.
The employee may not "cash-in" any portion of the leave balance and be paid for accumulated hours. Leave will be administered in accordance with the rules of the gaining system.

(3) Transfer of Funds. There shall be no transfer of funds.

(4) Annual Leave Accrual Rate. Service in the losing employment system will be credited in determining the appropriate leave accrual rate. (For NAF to civil service moves, see FPM Supplement 296-33 for details.)

K. HEALTH AND LIFE INSURANCE

(1) NAF to Civil Service (Involuntary and Voluntary Moves)

(a) Employee Coverage. Employees may not elect to remain in NAF health or life insurance plans. Employees may enroll in the Federal Employees Health Benefits (FEHB) Program and/or the Federal Employees Group Life Insurance (FEGLI) Program in accordance with the requirements of FPM Supplements 890-1 and 870-1, respectively. The employee's NAF health benefits coverage shall be extended without charge to the employee for 31 days or until the employee becomes covered by FEHB, whichever comes first.

(b) Retiree Coverage. See FPM Supplements 890-1 and 870-1. Participation in the FEHB after retirement does not depend on retirement from FERS or CSRS if the employee retires from a NAF plan because the portability law includes the NAF retirement plans as 'qualifying plans'.

(2) Civil Service to NAF Move

(a) Employee Coverage

1 Involuntary Move. Employees may not elect to retain membership in the FEHB or FEGLI Programs. Employees who are participating in the FEHB Program and/or the FEGLI Program at the time of the move would automatically qualify for participation (including family coverage) in the respective NAF health and/or life insurance program regardless of pre-existing medical conditions and the NAF employment category to which the employee has been involuntarily moved. Normal NAF coverage rules would apply if there was not participation in the FEHB Program and/or the FEGLI Program at the time of the move; however, the Heads of Components may establish more generous coverage rules for these employees.

2 Voluntary Move. Employees may not elect to retain membership in the FEHB Program and/or the FEGLI Program. Normal NAF coverage rules would apply. If normal rules are applied, then employees should be advised before actual employment whether or not they will be eligible for health and life insurance benefits. This is important since it is likely that many employees will have the misconception that if they have civil service benefits, then under the idea of portability, they can voluntarily move to NAF and automatically qualify for NAF benefit coverage.

(b) Retiree Coverage

1 Involuntary Move. If the employee qualified for health and/or life insurance coverage under K.2.a. (1) above, then the employee, regardless of whether retirement is from a civil service or NAF plan, would qualify for NAF health and/or life insurance coverage in retirement if he or she meets the following two conditions: First, the employee must retire under an immediate annuity. Second, the employee must have been continuously enrolled under the NAF group insurance plan since the employee's first opportunity to enroll or any other normal qualifying dates under the NAF plan, whichever is the shortest period. These are the only conditions that shall be applied. If the retiree was not in the NAF group insurance plan long enough to satisfy the normal premium paid by active employees for similar coverage.

2 Voluntary Move. If the employee qualified for health and/or life insurance coverage under K.2.a. (2) above, then the employee would qualify for NAF health and/or life insurance coverage after retirement in accordance with the normal rules of the NAF employer with the following exception: Continuous time spent in the FEHB Program and/or the FEGLI Program immediately before the move would be credited towards satisfying the respective NAF qualifying periods. If the retiree was not in the NAF group insurance plan long enough to satisfy the qualifying period, then he or she may be charged an appropriate premium not to exceed the normal premium paid by active employees for similar coverage.

L. REDUCTION-IN-FORCE (INVOLUNTARY AND VOLUNTARY MOVES).
(See P.L. 104-106 Section 1043 Portability Provisions in Section

II, C, of this Appendix.)

(1) NAF to Civil Service Move. NAF employment shall be credited in addition to civil service employment in determining civil service retention registers. See FPM Supplement 296-33 for details. Regarding the use of performance ratings in determining retention rights, the following guidance from OPM applies: "Under paragraph 5 CFR 430.204 of OPM's performance management regulations, NAF employees who are converted to appropriated fund positions... are entitled to RIF credit for their NAF performance ratings for the purpose of determining their retention rights."

(2) Civil Service to NAF Move. Civil service employment shall be credited in addition to NAF employment in determining retention where NAF employment is credited for these purposes under normal NAF rules. Where performance appraisals are used in the NAF Business Based Action system, civil service employees who are converted to NAF positions are entitled to BBA credit for their civil service performance ratings.

M. PROBATION STATUS (INVOLUNTARY AND VOLUNTARY MOVES). In the following provisions, reference is made to the terms "same agency" and "same line of work." The same agency is considered to be the same military department. Positions are considered to be in the same line of work when the duties performed are similar in nature and character and require substantially the same or similar qualifications.

(1) NAF to Civil Service Move. (See FPM Chapter 315 for details.) All NAF service immediately preceding the move in the same agency, and same line of work as the position to which the move is made will be credited in determining probation status.

(2) Civil Service to NAF Move. All appropriated fund service in the same agency, and same line of work immediately preceding the move, will be credited in determining probation status.

N. TENURE

(1) NAF to Civil Service Move. (See FPM Chapter 315 for details.)

(a) Involuntary Move. All continuous non-temporary NAF service immediately preceding the move will be credited in determining career tenure.

(b) Voluntary Move. No credit for NAF service will be granted.

(2) Civil Service to NAF Move

(a) Involuntary Move. All continuous non-temporary appropriated fund service immediately preceding the move will be credited to satisfy the probationary period requirement.

(b) Voluntary Move. Credit for civil service employment is not required.

2. Public Law 104-106, Section 1043 Portability Provisions

A. SUMMARY OF LEGAL REQUIREMENT

(1) Coverage. Section 1043 of P.L. 104-106, The National Defense Authorization Act for Fiscal Year 1996, provides new retirement coverage elections for certain employees who moved between nonappropriated fund (NAF) and appropriated fund (APF) positions after December 31, 1965. It amends title 5, United States Code (USC), to expand the retirement election provisions of the Portability of Benefits for Nonappropriated Fund Employees Act of 1990. Some amendments liberalize the eligibility requirements for making elections under the 1990 law and apply on or after the August 10, 1996, effective date of OPM and DoD regulations.

(2) Notification. The law requires that individuals who may be affected by the new retirement elections be notified of the new provisions. It also requires that individual must be provided, upon their request, information concerning their eligibility to make an election, and the amount of any payment which would be required of the individual in connection with any such election.

(3) Funding. Certain retroactive elections will require an employee payment for service credit, in the form of a reduction in the monthly retirement benefit, in addition to a

transfer of employee and employer funds between NAF and civil service retirement systems.

B. IMPLEMENTATION OF RETIREMENT COVERAGE ELECTIONS. (Refer to CMC letter 12800 of June 18, 1997 for detailed implementation instructions.)

(1) Responsibilities. CMC (MR) shall take appropriate action to:

(a) Provide employee benefits portability entitlements to eligible employees in accordance with Section 1043 of P.L. 104-106, OPM regulations at 5 CFR Part 847, Federal Retirement Thrift Investment Board regulations at 5 CFR Part 1620, and DoD NAF Personnel Policy Manual.

(b) Notify employees of the new entitlements and eligibility requirements. A chart summarizing the prospective retirement elections for NAF and APF employees is at Figure (1). A chart summarizing retroactive retirement elections for NAF employees is at Figure (2).

(c) Provide information to employees, upon their request, regarding their eligibility to make a retirement election, and the amount of any employee payment that would be required for additional service credit (see below). Employees who request a determination of eligibility to make an election, and who are determined to be ineligible, must receive a final decision in writing, in accordance with 5 CFR 847.106.

(d) Ensure that documents of NAF retirement plans under their responsibility are amended as necessary to comply with the law.

(e) Transfer civil service or NAF retirement plan employee and employer contributions covering the additional service to be credited.

(2) Elections to Continued Retirement Coverage After a Move on or after August 10, 1996, to the Effective Date of DoD and OPM Regulations

(a) CMC (MR) may grant waivers to employees who, despite due diligence, are prevented by circumstances beyond their control from making an election within the time limit.

(3) Employee and Employer Retirement Contributions After a Move on or after August 10, 1996

(a) Per 5 CFR 847.209, NAF employers will make salary deductions and employer contributions for NAF employees who elect to continue Civil Service Retirement System (CSRS) of Federal Employees Retirement System (FERS) coverage. Thrift Savings Plan (TSP) salary deductions and contributions will also be remitted, where applicable, in accordance with 5 CFR Part 1620. Established Defense Finance and Accounting Service (DFAS) procedures provide further information on submitting NAF employee and employer contributions for SCRS, FERS, and TSP.

(b) Employee and employer contributions for employees who elect to remain in a NAF retirement plan following a move to an APF position will be calculated in exactly the same way as the actual contribution for a NAF employee in the NAF plan. Employee and employer contributions to NAF 401(k) plans will also be calculated as if for a NAF employee in the NAF plan. Established DFAS procedures provide further information on submitting civil service employer and employee contributions to NAF retirement plans and 401(k) plans.

(4) Elections of Coverage Under the Retroactive Provisions (Covering moves after December 31, 1965, and before August 10, 1996)

(a) Per 5 CFR 847.304, the time limit for making an election under the retroactive election provisions in 5 CFR Part 847, Subpart D, is August 11, 1997. CMC (MR) must waive this time limit in the event the employee did not receive timely notice or counseling regarding the opportunity to make a retroactive election.

(b) When an APF employee covered by FERS elects to have previous NAF service credited toward FERS, the NAF service ceases to be creditable for purposes of NAF retirement.

(c) An employee who had a prior election under the 1990 Portability Act to continue retirement coverage following a move between employment system is ineligible to retroactively return to the previous retirement system under the provisions of 5 CFR 847.411 or 847.411, as applicable. However, such a prior election does not exclude the employee from electing to have service covered by the previous retirement system credited in the employee's current retirement system under the provisions of 5 CFR 847.421 or 847.431, as applicable.

1 For example, a DoD NAF employee who previously elected not to retain coverage in the NAF retirement plan following a move to a DoD APF position, but instead moved to FERS, does not have an election to return to the NAF retirement plan. The employee does have an election to remain in FERS and have NAF service credited.

2 An employee who elected, under the 1990 Portability Act, to retain retirement coverage following a move made an irrevocable decision and has no further election under the new legislation.

(d) Employees who make retirement coverage elections under the retroactive provisions continue to be covered by that retirement system for all future periods of APF or NAF service not otherwise excluded from retirement coverage. This includes APF or NAF service performed as a re-employed annuitant.

(5) Waiver of 30 Day Time Limit for Making an Election under the Provisions of the 1990 Portability Act

(a) By memorandum dated March 4, 1996, the DASD(CPP) exercised DoD's authority to waive the 1990 Portability Act requirement that retirement elections be made within 30 days of the move. The waiver applies to employees who moved on or after February 10, 1996, but before August 10, 1996. It permits employees to delay making an election until after the retroactive service credit benefits of P.L. 104-106 are available and the election process established. The DoD waiver is hereby extended through December 31, 1996.

(b) The DoD Waiver applies only to employees who (a) are eligible for a retirement election under the 1990 Portability Act, or to make an election under the retroactive rules provided by 5 CFR Part 847, Subpart D. Until the employee makes an election, he or she is in the retirement plan of the gaining employment system, and retirement contributions are remitted under the provisions of that system's retirement plan.

(c) P.L. 104-106 permits employees moving from APF positions covered by FERS to NAF positions covered by a NAF retirement plan, and vice versa, to elect retroactive service credit. This is a benefit not provided by the 1990 Portability Act. Therefore, eligible employees who want service credit in the gaining employment system's retirement plan may decide to make an election under the retroactive rules in 5 CFR Part 847, Subpart D. Employees who, after reviewing the retroactive service credit opportunities provided by P.L. 104-106, decide instead to retain coverage in their previous retirement plan, should elect to do so under the provisions of the 1990 Portability Act, before amendments.

(d) Per P.L. 104-106, employees who moved on or after February 10, 1996, but before August 10, 1996, who, notwithstanding the waiver provided, made an election under the 1990 Portability Act, are not eligible for an election under the retroactive service credit rules.

(6) Transfers of contributions Under the Retroactive Provisions (Covering moves after December 31, 1965, and before August 10, 1996). Civil service and NAF retirement plan contributions will be transferred in accordance with 5 CFR Part 847, Subpart E.

(a) When an employee elects to retroactively return to CSRS or FERS coverage, or to have NAF service credited towards FERS, employee contributions and government contributions made to the NAF retirement plan transfer to the Civil Service Retirement and Disability Fund. Government contributions means the amount credited to the NAF retirement plan, by the NAF employer, on behalf of the employee for the period of NAF service to be credited towards civil service retirement.

(b) Where an employee participated in more than one

NAF retirement plan, each NAF retirement plan is responsible for submitting contributions attributable to that particular plan.

C. Related Provisions on Portability of Pay and Benefits

(1) Reduction in Force.

(a) Section 1043(d) of P.L. 104-106 amended section 3502(a)(C) of 5 USC to allow credit for NAF service for reduction in force purposes for employees moving from DoD NAF to DoD APF positions on or after January 1, 1996, without a break in service of more than three days.

(b) This DoD policy document hereby provides that employees who move from DoD APF positions to DoD NAF positions or after January 1, 1966, without a break in service of more than three days, shall be granted NAF Business Based Action (BBA) retention credit for APF service.

(2) Pay and Other Benefits. The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 provides pay, leave, and other benefit protection for employees who move, after January 1, 1987, between DoD APF and DoD NAF positions without a break in service of more than three days. Details of these benefits are provided in 5 USC, 5 CFR, DoD 1401.1-M, OASD policy memorandum, and this Appendix.

PROSPECTIVE RETIREMENT ELECTIONS

These retirement elections apply to employees moving between nonappropriated (NAF) positions and appropriated (APF) positions, whether within or outside of DoD, on or after. These elections are offered if: (1) the employee is vested in the retirement plan of the position from which he or she is moving; (2) the move occurs without a break in service of more than 1 year, and (3) the employee has not previously made an election under applicable provisions.

IF EMPLOYEE IS IN:	RETIREMENT ELECTION	FUTURE CONTRIBUTIONS TO RETIREMENT PLAN
1. NAF position, vested in a NAF retirement plan, moving to an APF position which provides retirement coverage.	(a) Remain in the NAF plan; or	APF employer makes employer contribution and employee deductions to NAF retirement plan (and 401(k) if applicable).
	(b) Join FERS (or reenter CSRS if eligible). No credit for NAF service.	APF employer makes employer contribution and employee deductions to FERS (or CSRS if applicable).
2. APF position, vested in CSRS, moving to a NAF position covered by a NAF retirement plan.	(a) Remain in CSRS; or	NAF employer makes employer contribution and employee deductions to CSRS (and TSP if applicable).
	(b) Join NAF PLAN. No credit for APF service.	NAF employer makes employer contribution and employee deductions to NAF retirement plan.
3. APF position, vested in FERS, moving to a NAF position covered by a NAF retirement plan.	(a) Remain in FERS; or	NAF employer makes employer contributions and employee deductions to FERS, TSP basic 1%, or TSP match up to 5% max, whichever is applicable.
	(b) Join NAF plan. No credit for APF service.	NAF employer makes employer contributions and employee deductions to NAF plan.

NAF EMPLOYEE RETROACTIVE RETIREMENT ELECTIONS REFERENCE GUIDE

These retroactive retirement elections apply to employees moving between nonappropriated fund (NAF) positions and appropriated fund (APF) positions, whether within or outside of DoD, on or after January 1, 1966, but before August 10, 1996, the effective date of the regulations implementing Section 1043 of Public Law 104-106. These elections are offered if the employee (1) was vested in the retirement plan of the position from which he or she moved; (2) moved between NAF and APF positions without a break in service of more than 1 year; and (3) remained, since the qualifying move, continually enrolled in current MC NAF retirement system. Employees who elected to retain CSRS or FERS under the 1990 Portability Act following a move to a NAF position made an irrevocable decision and have no further election under the new legislation. Employees who made a previous election under the 1990 Portability Act not to retain FERS or CSRS coverage, joined the MC NAF retirement plan, may not make an election to return to their previous Retirement plan. However, those who previously elected not to retain FERS coverage, may make an election to have previous FERS service credited to their current retirement system. Individuals who retired (whether or not re-employed) after the date of the move are ineligible for any election. The deadline for retroactive retirement elections is August 11, 1997.

IF NAF EMPLOYEE IS IN:	HE/SHE MAY ELECT TO	FUNDING IF ELECTION MADE:[1]
CSRS *by election*[3] following move from an APF position covered by CSRS.	No election.	N/A
FERS *by election*[3] following move from an APF position covered by FERS.	No election.	N/A
NAF plan *by election*[3] following move from an APF position covered by CSRS.	No election.	N/A
NAF plan *by election*[3] following move from an APF position covered by FERS.	Have FERS time credited toward NAF retirement for eligibility purposes only[3]; or	No FERS employer contributions transfer to NAF. No employee payment is required.
	Have FERS time credited toward NAF retirement for eligibility and computation purposes.	No employer funds transfer from FERS. Employee pays full cost of additional NAF retirement benefits attributable to the APF service credited toward NAF retirement. Payment will be through reduction in NAF annuity.
NAF plan following move from an APF position covered by CSRS. *No prior election.*	Return to CSRS and have NAF Service credited.	NAF employer contributions and employee deductions transfer to CSRS.[2] 401(k) contributions suspended.[4]
NAF plan following move from an APF position covered by FERS. *No prior election.*	Return to FERS and have NAF service credited; or	NAF employer contributions and employee deductions transfer to FERS.[2] 1% basic contributions transfer to TSP.[5] 401(k) contributions suspended.[4]
	Have FERS time credited toward NAF retirement for eligibility purposes only; or	No FERS employer *contributions* transfer to NAF. No employee payment is required.
	Have FERS time credited toward NAF retirement for eligibility and computation purposes.	No employer funds transfer from FERS. Employee pays full cost of additional NAF retirement benefits attributable to the APF service credited toward NAF retirement. Payment will be through reduction in NAF annuity.

[1] Only employee contributions would include interest.

[2] If funds are less than actuarial present value of future additional annuity, then annuity is reduced accordingly.

[3] By election meaning by election under the 1990 Portability Act.

[4] Per IRS regs, no distribution of 401(k) account allowable until date of termination. Employee will be allowed to make investment fund changes, apply for loans, and apply for hardship withdrawals.

[5] Employee eligible for TSP make-up contributions retro to date of move, but not before plan commencement. Employer match applies at the time of make-up.

APPENDIX I

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APPENDIX J

EMPLOYEE TRAINING AND DEVELOPMENT

1. The training mission is to develop employees through the establishment and operation of a progressive training program to improve service, increase efficiency and economy, build and retain a work force of skilled and efficient employees, and install and use the best modern practices and techniques in conducting the Marine Corps NAF operations.

2. In their roles as appraiser, advisor, and coach, supervisors and managers are essential players in an employee's career development. An honest assessment of individual strengths and limitations is the initial step in developing a training and professional development plan. Working with the employee, each supervisor is responsible for establishing personal career goals and targeting strategies to achieve them.

3. Individual Development Plans (IDP's). IDP's are written blueprints used to prepare the employee for higher level performance. They may supplement annual career appraisals by recommending training, education, or other development to prepare an employee for higher level performance. The supervisor, with employee input, will develop an IDP by reviewing the past performance to highlight competencies needing improvement or development. The IDP calls for comparing the employee's experience, education, and past training with career field training requirements and standards. Based on this analysis, the IDP can be used as a tool to develop long-term functional needs and employee career goals. (Refer to appendix C.)

4. Employee training in all facets of NAFI operations is an extremely important ongoing requirement for all employees. It is the responsibility of the Head of the local NAFI to develop a comprehensive training program to properly indoctrinate and train employees in the performance of their assigned duties. Assistance in accomplishing this important function is available from the following sources:

a. The Personal & Family Readiness Division (MR) Civilian Training and Development Plan. The plan is designed to provide employees and their supervisors with a guide to identify the competencies each employee needs to progress in their functional area. It also provides a single-source reference to assist in determining appropriate training and development to enhance on-

the-job performance and prepare the employee for progressively more responsible positions. The Plan covers many of the standardized position descriptions for NF-3's through NF-5's. Additionally, training interventions, which can provide the employee with tools to become more effective, are suggested for each functional area. This gives the supervisor and the employee a guide to follow in the development of the employee's IDP. It also gives the employee a road map to utilize as they work to enhance their career progression.

b. The Marine Corps Civilian Leadership Development (CLD) Program. Pursuant to references (n) and (o), the CLD establishes guidelines that serve as the framework for the design of activity and command programs, which provide leadership training to all civilian employees, that are in or seeking leadership development to obtain supervisory or management positions. The cornerstones for the CLD program are mentoring, the development of individualized leadership development plans, training opportunities, and developmental assignments. A CLD program has been established at each Marine Corps command, and each command publishes its own training calendar.

c. The Marine Corps adopted civilian Communities of Interest (COI) as an approach to workforce planning and management. There are 21 communities of interest, each led by a senior civilian. Each community identifies the required competencies and training for the positions in the group, and develops career paths from entry to senior level.

d. The MCCS Training Catalog. Provides an annual course listing and short synopsis, of all courses supported by CMC (MR). The Catalog also provides a current listing of all MCCS training coordinators, resources and suppliers, national professional organizations, local American Society for Training and Development chapters, and directions for requesting training and development support material from the CMC(MR) library.

e. Employees may also participate in courses provided by Army MWR. A listing of Army MWR Academy courses is provided at the Academy website at https://www.mwraonline.com/index.asp. Army course participation is coordinated through the local MCCS training coordinator.

5. Tuition Assistance. NAF Tuition Assistance programs shall follow the guidance contained in reference (p), para. 9406.5.

APPENDIX K

DEFINITIONS

1. General Definitions. The following definitions apply, except where they may conflict with public law:

a. Appropriated Fund Employee. A person paid from funds appropriated by the Congress of the United States.

b. Nonappropriated Fund Instrumentality Employee. A person employed by a Nonappropriated Fund Instrumentality and compensated from nonappropriated funds.

c. Concessionaire. An entrepreneur placed under contract to an authorized Nonappropriated Fund Instrumentality for the purpose of providing goods or services.

d. Private Organization. Generally, a self-sustaining, non-Federal instrumentality, incorporated or not, constituted or established and operated on a DoD installation with the written consent of the installation commander or higher authority, by individuals acting exclusively outside the scope of any official capacity as officers, employees, or agents of the Government.

e. Heads of Local NAFI's. Assistant Chiefs of Staff, Marine Corps Community Services activities and other heads of local miscellaneous NAFI's not under the control and supervision of the Assistant Chief of Staff, Marine Corps Community Services (A/CS, MCCS).

f. Local National NAFI Employee. A national or citizen of a host country who is employed in that country by or for a NAFI.

g. Third (Other) Country National NAFI Employee. A citizen or national of a country other than the United States or the host country, who is employed by a NAFI.

h. Foreign Areas. Areas situated outside the United States (including the Republic of Palau (Belau), Federated States-of-Micronesia, and the Republic of the Marshall Islands, all

formerly the Trust Territory of the Pacific Islands), the Commonwealth of Puerto Rico, the Panama Area and the possessions of the United States (including the Commonwealth of the Northern Mariana Islands, a United States Territory).

i. Host Country. A foreign country where U.S. Forces are stationed.

j. Host Government. The political authority of the foreign country where U.S. Forces are stationed under provisions of a treaty or agreement.

k. Resident Aliens. People who are foreign born and legally residing in the United States and who have not become naturalized citizens.

l. Non-U.S. Citizens. A person who is not a citizen of the United States.

m. U.S. National. A person born:

(1) In an outlying possession of the United States on or after the date of formal acquisition of that possession;

(2) Of parents who are U.S. nationals, in an outlying possession of the United States; or

(3) Of unknown parents in an outlying possession of the United States.

n. Indirect Hire System. A system that provides that the host country assume the responsibility of ensuring the needs of the U.S. Forces for local national personnel are met and the host country is in fact the official employer of such personnel.

o. Local Prevailing Rates for Indirect Hires. Rates, determined by wage surveys, paid to local national personnel employed in retail, wholesale, service, and recreation establishments for comparable jobs.

p. Non-U.S. Citizen Dependent of a U.S. Citizen. A non-U.S. citizen NAFI employee who is a bona fide dependent of a

U.S. citizen serving in a foreign area and where such dependents are recognized by the host government as being part of the U.S. Armed Forces under the Status of Forces Agreement or other agreement.

q. Nonappropriated Fund Instrumentality (NAFI). An integral DoD organizational entity through which an essential Government function is performed and other DoD organizations are provided or assisted in providing morale, welfare, Recreation AND community services programs. The NAFI is established and maintained individually or jointly by the heads of the DoD components.

(1) As a fiscal entity, the NAFI maintains custody of and control over its nonappropriated funds, and is also responsible for the prudent administration, safeguarding, preservation, and maintenance of those appropriated fund resources made available to carry out its function.

(2) The NAFI contributes to the personal and family readiness programs of other organizational entities when so authorized, is not incorporated under the laws of any State or the District of Columbia, and enjoys the legal status of an instrumentality of the United States.

r. Nonappropriated Funds (NAFs). Consist of cash and other assets received by NAFIs from sources other than monies appropriated by the Congress of the United States. NAFs are Government funds and are used for the collective benefit of military personnel, their family members, and authorized civilians who generated them. These funds are separate and apart from funds that are recorded in the books of the Treasurer of the United States.

2. Staffing and Recruitment Definitions. The following definitions apply, except where they may conflict with public law:

a. Commuting Area. Commuting area is defined in 5 CFR 550.703 as the geographic area that normally is considered one

area for employment purposes. It includes any population center (or two or more neighboring ones) and the surrounding localities where people live and reasonably can be expected to travel back and forth daily to work.

b. Geographical Area of Spouse Preference. Spouse preference eligibles shall be given preference in the same commuting area as that of the new duty station of the military sponsor. (see para 1002)

c. Spouse Preference. Spouse preference shall be given an eligible spouse, as defined in paragraph 2106.8c, relocating with a military sponsor and who applies, based on spouse preference, for a vacant NF-3 position and below and for positions paid at hourly rates. An eligible spouse must be selected ahead of other applicants, without regard to other priorities in this Manual, when the spouse is referred as part of the best-qualified group of candidates. Spouse preference must be applied when a vacant position is filled through open competition resulting in a list of best-qualified candidates. Noncompetitive selections and placements do not require the application of spouse preference (e.g., reassignments, transfers, and rights conferred by court decisions). When more than one spouse preference eligible is being considered for a vacant position, selection may be made from among available spouse preference eligibles in any order.

d. Spouse Preference Eligibility. Wife or husband of an active duty military member of the Armed Forces, including the Coast Guard, a member of the National Guard or Reserves on active duty. To be eligible for preference, the spouse preference eligible must have entered into marriage with the military sponsor before the military sponsor's relocation to the new duty station and be included in the sponsor's orders. In other words, the military sponsor must be on an accompanied tour.

e. Area of Consideration. The area in which the search for highly qualified candidates is directed (e.g., where it is anticipated that qualified candidates can be located, where vacancy announcements are distributed, and from which applications will be accepted). The minimum area of consideration is established as all Marine Corps NAFI's on the

installation. All spouse preference and transition assistance eligibles are included in the minimum area of consideration.

f. Rating and Ranking of Candidates. A process of assessing qualifications of candidates for a vacancy, and the degree to which they possess the qualifications needed for successful performance in the job being filled.

g. Qualified Candidates. Those candidates who meet the basic qualifications for the position as indicated in the position description and vacancy announcement.

h. Best Qualified Candidates. Those qualified candidates who rank at the top when compared with other qualified candidates. They are normally the only candidates referred for selection.

i. Referral List. An alphabetical listing of qualified candidates being referred for selection. The list remains valid for up to 6 months for use in filling the same position again or similar positions without further competition. The list will also contain noncompetitive referrals, if available. Open and continuous referral lists may be used at the option of the command.

j. Positions with Known Promotion Potential. Positions from which noncompetitive career promotions can be made, if the initial appointment was made through a competitive process. These types of positions include:

(1) Positions filled at a grade(s) or level below the established or target grade level.

(2) Career ladder positions.

(3) Intern, college graduate, trainee, or other special program positions.

k. Time-In-Grade Requirements. Not applicable to NAF.

l. Target Grade or Level. The full performance grade level of the position.

m. Crediting Plan. An evaluation methodology developed by the NPO, in consonance with the manager or supervisor, to narrow the number of eligible candidates to a reasonable number, from which a selection can be made from among the best-qualified candidates.

n. Accretion of Duties. Reconstituted duties and responsibilities due either to a planned management action or gradual increase of non-supervisory duties and responsibilities or additional supervisory duties and responsibilities to a supervisory position, provided:

(1) The employee continues to perform the new duties as well as those of the former position.

(2) The addition of new duties and responsibilities does not impact on the grade of another encumbered position.

(3) The employee meets all requirements for promotion to the position.

o. Details. A detail is a temporary assignment of an employee for a specified period, with the employee returning to his or her regular duties at the end of the detail. A detail to a lower-level position shall not adversely affect the employee's salary, classification, or job standing.

p. Temporary Promotions. A temporary promotion is the temporary assignment, with pay, of a qualified employee, to a higher graded position. Temporary promotions exceeding 6 months shall be accomplished using the competitive procedures of the merit staffing program. Individuals promoted on a temporary basis must also be given a minimum raise required by the appropriate pay system.

3. Child Care Definitions. The following definitions apply, except where they may conflict with public law:

a. CC - Child Care. The symbol used to identify the pay plan code.

b. Full Performance or Target Level - The grade or level of

the position that an employee is expected to attain once he or she has met required qualifications.

c. GSE - A descriptive pay plan designation that identifies the positions with their "GS' counterpart.

d. Highest Previous Rate - The provision that allows adjustment of an employee's pay upon re-employment, or other appropriate personnel action, based on pay previously earned.

e. Pay Adjustment (in place) - A non-competitive pay increase based on recognized and sustained performance above the satisfactory level.

f. Pay Adjustment (position change) - Increase in pay when the employee is moved non-competitively (due to previously held competition) from the entry to the intermediate level or intermediate level to the full performance level.

g. Pay Band - A salary range or band that includes two or more pay grades. Pay may be established for assigned positions anywhere within a pay band.

4. Leave and Time and Attendance Definitions. The following definitions apply, except where they may conflict with public law:

a. Absence Without Leave (AWOL). Absence from duty that has not been authorized or approved by the appropriate authority in accordance with the provisions of this Manual.

b. Accrued Leave. Leave earned during the current leave year that is unused at any given time in that leave year.

c. Accumulated Leave. Unused leave remaining to the credit of an employee at the beginning of a leave year.

d. Administrative Leave. The administratively authorized absence from duty without loss of pay and without charge to earned leave.

e. Break-in-Service. A separation from the rolls for a

period of one or more workdays of the employee's basic workweek. A period of absence for military duty, followed by the exercise of reemployment rights, is not regarded as a break-in-service for purposes of this Manual.

f. Compensatory Overtime for Religious Purposes. An overtime period an employee elects to work for the purpose of taking an equal amount of time off for religious observance instead of overtime pay and without charge to leave.

g. Continuous Service. The total period of time from the date of appointment until the date of separation, irrespective of pay status during such period.

h. Court Leave. The authorized absence of an employee from work status for jury duty or to appear as a witness in an unofficial capacity.

i. Family and Medical Leave (FMLA). Twelve weeks of unpaid leave guaranteed to an eligible employee for authorized conditions.

j. Family Friendly Leave Act (FFLA). Up to 13 days sick leave to use to provide care for a family member or for bereavement purposes.

k. Leave Without Pay (LWOP). Approved temporary absence from duty in a nonpay status.

l. Leave Year. A 52-week period covering the administration of leave. The leave year begins with the first day of the first complete pay period in a calendar year and ends with the day immediately before the first day of the first complete pay period in the following calendar year.

m. Military Furlough. A leave of absence or separation of a regular full-time or regular part-time employee for induction or recall to active duty in one of the U.S. military services.

n. Military Leave. Absence from duties without loss of pay, time, or performance ratings for those NAFI employees who are members of Reserve components of the U.S. Armed Forces, including the National Guard, for days they are engaged in

temporary active duty or active duty for training.

o. Recognition Leave. Authorized time off from duty granted as an incentive award. Details are covered in Appendix E.

5. Pay Administration Definitions. The following definitions apply, except where they may conflict with public law:

a. Prevailing Rate Employee. This term is used interchangeably with the term "NAF crafts and trades" employees (NA, NL, or NS). It encompasses employees of a Nonappropriated Fund Instrumentalities (NAFI) who are employed in a recognized craft or trade or other skilled mechanical craft, or in an unskilled, semiskilled, or skilled manual labor occupation, and any other individual, including a foremen and a supervisor, in a position having craft, trade, or laboring experience and knowledge as the paramount requirement.

b. Scheduled Rate of Pay. The rate of pay fixed by law or administrative action, including a retained rate of pay and rate on temporary promotion for the job held before any deductions and exclusive of additional pay of any kind.

c. Rate of Basic Pay. The scheduled rate of pay plus any night shift or environmental differential.

d. Existing Scheduled Rate of Pay. The scheduled rate of pay received immediately before the effective date of a transfer, reassignment, promotion, change to lower grade, within-grade increase, or revision of a wage schedule.

e. Highest Previous Rate. The highest scheduled rate of pay previously paid to a NA, NL, or NS employee while employed in a NAF position.

f. Representative Rate. A rate used to determine the nature of the job change (e.g., promotion, change to a lower grade, or reassignment) where different kinds of pay schedules are involved, whether in the same or different wage areas.

g. Reassignment. A change of an employee, while serving continuously in the same NAFI from one job to another without promotion or change to lower grade.

h. Reemployment. Employment, including reinstatement or another type of appointment, after a break in service of at least one full workday.

i. New Appointment. A first appointment as an employee of the NAFI.

j. Premium Pay. Additional compensation for overtime, standby duty, and work performed on a holiday or Sunday.

k. Regularly Scheduled. Work that is scheduled in advance of an administrative workweek.

l. Tour of Duty. The hours of a day (a daily tour of duty) and the days of an administrative workweek (a weekly tour of duty) that constitute an employee's regularly scheduled administrative workweek.

m. Sunday Work. Non-overtime work performed by an employee during a regularly scheduled tour of duty when any part of that tour of duty is on a Sunday.

n. Overtime Work. Authorized and approved hours of work performed in excess of eight hours in a day or in excess of 40 hours in an administrative workweek, whichever is the greatest number of overtime hours (includes scheduled and unscheduled overtime work).

o. Regular Overtime work. Overtime work that is scheduled prior to an employee's regularly scheduled administrative workweek.

p. Irregular or Occasional Overtime Work. Overtime work that is not scheduled as a part of the regularly scheduled administrative workweek.

q. Night Shift Work. Regularly scheduled non-overtime work when a majority of whole hours of such work occurs between 3 p.m. and midnight (second shift) or between 11 p.m. and 8 a.m. (third shift).

r. Holiday Work. Non-overtime work performed by an employee during a regularly scheduled daily tour of duty on an officially designated holiday.

s. Non-Workday. Any calendar day that the employee is not scheduled to work within employee's basic workweek exclusive of official holidays.

t. Retained Rate of Pay. The rate of pay to which an employee is entitled when changed to a lower grade, reassigned or otherwise changed to a NA, NL, or NS grade or pay level having a maximum scheduled rate of pay which is less than the employee's existing scheduled rate of pay.

u. Tip. A tip is offered to an employee by a customer, free from compulsion, in the form of cash or credit card.

v. Service Charge. A mandatory or automatic charge added to a customer's bill.