



Department of Defense INSTRUCTION

NUMBER 1400.25, Volume 1403
March 20, 2015

USD(P&R)

SUBJECT: DoD Civilian Personnel Management System: Nonappropriated Fund (NAF)
Employment

References: See Enclosure 1

1. PURPOSE

a. Instruction. This instruction is composed of several volumes, each containing its own purpose. The purpose of the overall instruction, in accordance with the authority in DoD Directive (DoDD) 5124.02 (Reference (a)), is to establish and implement policy, establish procedures, provide guidelines and model programs, delegate authority, and assign responsibilities regarding civilian personnel management within the DoD.

b. Volume. In accordance with the authority in DoDD 1400.25 (Reference (b)), this volume reissues Volume 1403 of DoD Instruction (DoDI) 1400.25 (Reference (c)) to establish policy, assign responsibilities, and prescribe procedures for employment of DoD NAF civilian employees.

2. APPLICABILITY. This volume:

a. Applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this volume as the "DoD Components").

(1) The Army and Air Force Exchange Service may be considered a DoD Component for the purpose of this volume **if** delegated authority to oversee NAF employment policies by the Secretary of the Army and the Secretary of the Air Force.

(2) The United States Marine Corps; the Navy Exchange Service Command; and the Commander, Navy Installations Command may be considered DoD Components for the purposes of this volume **if** delegated authority to oversee NAF employment policies by the Secretary of the Navy.

b. Applies to all NAF employees and positions within the DoD, including those NAF positions authorized to receive funding from appropriated funds (APF).

3. POLICY. It is DoD policy that NAF employment policies, procedures, and practices including recruitment, selection, placement, promotion, and other staffing related NAF personnel actions will:

a. Comply with all applicable employment laws and regulations.

b. Be consistent with and support the merit system principles in section 2301(b) of Title 5, United States Code (U.S.C.) (Reference (d)).

c. Promote equal employment opportunity (EEO).

d. Be designed and implemented to attract and maintain a diverse and competent workforce.

e. Comply with all applicable suitability requirements, as prescribed by regulation and policy.

4. RESPONSIBILITIES. See Enclosure 2.

5. PROCEDURES. See Enclosure 3.

6. RELEASABILITY. **Cleared for public release**. This volume is available on the Internet from the DoD Issuances Website at <http://www.dtic.mil/whs/directives>.

7. EFFECTIVE DATE. This volume is effective April 14, 2015.



Jessica L. Wright
Under Secretary of Defense for
Personnel and Readiness

Enclosures

1. References
2. Responsibilities
3. Procedures

Glossary

TABLE OF CONTENTS

ENCLOSURE 1: REFERENCES.....5

ENCLOSURE 2: RESPONSIBILITIES.....7

 ASSISTANT SECRETARY OF DEFENSE FOR READINESS AND FORCE
 MANAGEMENT (ASD(R&FM)).....7

 DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL
 POLICY (DASD(CPP)).....7

 DIRECTOR, DEPARTMENT OF DEFENSE HUMAN RESOURCES ACTIVITY
 (DoDHRA).....7

 DoD COMPONENT HEADS.....7

ENCLOSURE 3: PROCEDURES.....9

 EEO.....9

 EMPLOYMENT CATEGORIES.....9

 SUITABILITY REQUIREMENTS.....9

 Personnel Security9

 Criminal History Background Checks on Individuals in Child Care Services.....10

 Appeals10

 Citizenship and Immigration Reform and Control Act Requirements10

 RECRUITMENT11

 Qualification Requirements11

 Announcement11

 Referral11

 Permanent Change of Station (PCS).....11

 Mobility.....11

 ADDITIONAL EMPLOYMENT CONSIDERATIONS12

 Employment of Relatives.....12

 Age Restrictions.....12

 Off-Duty Military Personnel.....13

 Selective Service Registration13

 Employment of Retired Members of the Military Departments.....13

 Employment and Reemployment Rights of Members of the Military Departments.....13

 Employment of Individuals Who Have Received a Voluntary Separation Incentive
 Payment (VSIP)14

 Employment of Civil Service Retirement System (CSRS) and Federal Employees
 Retirement System (FERS) Annuitants14

 Employment of NAF Annuitants.....15

 Personal Services Contracts15

 PRIORITY CONSIDERATION AND PREFERENCE IN HIRING.....15

 MOVEMENT BETWEEN NAF POSITIONS.....17

 Reinstatement.....17

 Transfer18

Promotion.....	18
Detail.....	18
Employment in Multiple Positions	18
MOVEMENT BETWEEN NAF AND APF POSITIONS.....	19
DoD and OPM Interchange Agreement.....	19
Conversions under Uniform Funding and Management (UFM)	19
Deployment of NAF Employees.....	19
PROBATIONARY PERIOD.....	19
Initial Probationary Period.....	19
Supervisory Probationary Period	20
SUPERVISION	20
EMPLOYEES RECORDS MANAGEMENT.....	20
General.....	20
Electronic Records	20
Disposition	20
Access	20
Merged Records.....	21
Personnel Accountability	21
APPENDIX	
DoD AND OPM INTERCHANGE AGREEMENT	22
GLOSSARY	
PART I: ABBREVIATIONS AND ACRONYMS	27
PART II: DEFINITIONS.....	28
TABLE	
Order of Precedence in Hiring	15
FIGURE	
Agreement for the Movement of Personnel Between the Civil Service System and the NAFI System in DoD.....	22

ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
- (b) DoD Directive 1400.25, "DoD Civilian Personnel Management System," November 25, 1996
- (c) DoD Instruction 1400.25, Volume 1403, "DoD Civilian Personnel Management System: Employment," December 1, 1996, as amended (hereby cancelled)
- (d) Title 5, United States Code
- (e) DoD Directive 1020.02, "Diversity Management and Equal Opportunity (EO) in the Department of Defense," February 5, 2009
- (f) DoD Directive 1440.1, "DoD Civilian Equal Employment Opportunity (EEO) Program," May 21, 1987, as amended
- (g) Title 42, United States Code
- (h) DoD 5200.2-R, "Personnel Security Program," January 1, 1987, as amended
- (i) DoD Instruction 1400.25, Volume 731, "DoD Civilian Personnel Management System: Suitability and Fitness Adjudication for Civilian Employees," August 24, 2012
- (j) Federal Information Processing Standards Publication 201-2, "Personal Identity Verification (PIV) of Federal Employees and Contractors," August, 2013
- (k) Office of Personnel Management Memorandum, "Final Credentialing Standards for Issuing Personal Identity Verification Cards under HSPD-12," July 31, 2008
- (l) DoD Instruction 5200.02, "DoD Personnel Security Program (PSP)," March 21, 2014, as amended
- (m) DoD Manual 1000.13, "DoD Identification (ID) Cards," January 23, 2014
- (n) DoD Instruction 1402.5, "Criminal History Background Checks on Individuals in Child Care Services," January 19, 1993
- (o) Public Law 99-603, "Immigration Reform and Control Act of 1986," November 6, 1986
- (p) Office of Management and Budget Memorandum, "Verifying the Employment Eligibility of Federal Employees," August 10, 2007
- (q) Office of Personnel Management Operating Manual, "Federal Wage System – Nonappropriated Fund," current edition
- (r) Joint Travel Regulations, "Uniformed Service Members and DoD Civilian Employees," current edition
- (s) DoD Instruction 1400.24, "Civilian Mobility Program," February 17, 2006
- (t) Title 5, Code of Federal Regulations
- (u) Section 212 of Title 29, United States Code
- (v) Part 570 of Title 29, Code of Federal Regulations
- (w) DoD Instruction 1015.10, "Military Morale, Welfare, and Recreation (MWR) Programs," July 6, 2009, as amended
- (x) DoD Instruction 6060.02, "Child Development Programs (CDPs)," August 5, 2014
- (y) DoD Instruction 1402.01, "Employment of Retired Members of the Armed Forces," September 9, 2007
- (z) DoD Directive 1100.4, "Guidance for Manpower Management," February 12, 2005

- (aa) Chapter 43 of Title 38, United States Code
- (ab) DoD Instruction 1400.25, Volume 1702, “DoD Civilian Personnel Management System: Voluntary Separation Programs,” June 13, 2008
- (ac) DoD Instruction 1400.25, Volume 300, “DoD Civilian Personnel Management System: Employment of Federal Civilian Annuitants in the Department of Defense,” December 10, 2008
- (ad) DoD 7000.14-R, Volume 13, “Department of Defense Financial Management Regulation (FMR): Nonappropriated Funds Policy,” current edition
- (ae) DoD Instruction 1400.25, Volume 1471, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Labor-Management and Employee Relations,” March 27, 2014
- (af) DoD Instruction 1400.25, Volume 315, “DoD Civilian Personnel Management System: Employment of Spouses of Active Duty Military,” March 19, 2012
- (ag) Chapter 58, Section 1143 (d) of Title 10, United States Code
- (ah) DoD Instruction 1400.25, Volume 1232, “DoD Civilian Personnel Management System: Employment of Family Members in Foreign Areas,” January 5, 2012
- (ai) DoD Instruction 1400.25, Volume 1406, “DoD Civilian Personnel Management System: Nonappropriated Fund Attendance and Leave,” April 13, 2015
- (aj) DoD Instruction 1400.25, Volume 1408, “DoD Civilian Personnel Management System: Insurance and Annuities for Nonappropriated Fund (NAF) Employees,” July 21, 2009
- (ak) DoD Instruction 1015.15, “Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources,” October 31, 2007, as amended
- (al) DoD Instruction 1400.25, Volume 1405, “DoD Civilian Personnel Management System: Nonappropriated Fund (NAF) Pay, Awards, and Allowances,” June 26, 2014
- (am) DoD Instruction 1400.25, Volume 1412, “DoD Civilian Personnel Management System: Nonappropriated Funds (NAF) Overseas Allowances and Differentials, and Employment in Foreign Areas,” July 20, 2012
- (an) DoD Instruction 5015.02, “DoD Records Management Program,” February 24, 2015
- (ao) DoD Directive 5400.11, “DoD Privacy Program,” October 29, 2014
- (ap) Section 7202 of Public Law 101-508, “Omnibus Budget Reconciliation Act of 1990,” November 5, 1990
- (aq) Memorandum of Understanding Between U.S. Office of Personnel Management, the National Archives and Records Administration, and the Department of Defense Nonappropriated Employment System, August 7, 1992
- (ar) Office of Personnel Management Operating Manual, “The Guide to Personnel Recordkeeping,” current edition
- (as) DoD Instruction 3001.02, “Personnel Accountability In Conjunction With Natural Or Manmade Disasters,” May 3, 2010

ENCLOSURE 2

RESPONSIBILITIES

1. ASSISTANT SECRETARY OF DEFENSE FOR READINESS AND FORCE MANAGEMENT (ASD(R&FM)). Under the authority, direction, and control of the Under Secretary of Defense for Personnel and Readiness (USD(P&R)), and in accordance with Reference (a), the ASD(R&FM) has overall responsibility for the development of DoD civilian personnel policy covered by this volume.

2. DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY (DASD(CPP)). Under the authority, direction, and control of the ASD(R&FM), the DASD(CPP) supports the development of civilian personnel policy covered by this volume and monitors its execution by DoD Components, ensuring consistent and continuous application throughout DoD.

3. DIRECTOR, DoD HUMAN RESOURCES ACTIVITY (DoDHRA). Under the authority, direction, and control of the USD(P&R), the Director, DoDHRA, provides support to the DASD(CPP), as appropriate, in execution of the duties and responsibilities of this volume.

4. DoD COMPONENT HEADS. The DoD Component heads:
 - a. Direct compliance with this volume and establish Component policy, as appropriate, to implement its procedures.

 - b. Execute laws and regulations applicable to NAF personnel management, including laws and regulations applicable through administrative extension by DoD policy.

 - c. Implement recruitment practices that are consistent, transparent, and free from discrimination.

 - d. Make and adjudicate suitability determinations and take appropriate actions for NAF applicants and employees to promote the safety and security of DoD personnel, installations, facilities, customers, and assets.

 - e. Ensure that procedures are followed regarding the employment of relatives of public officials.

 - f. Implement practices and procedures to facilitate proper maintenance, storage, and disposition of personnel records, documents, and files.

g. Monitor the use of and hours worked by flexible employment category employees and determine the appropriate use of that employment category within the DoD Component's overall staffing structure.

h. Advise managers regarding hiring preferences and ensure that applicants are afforded appropriate consideration within the hiring process.

i. Facilitate employee moves involving portability of benefits to ensure that employees are counseled appropriately regarding their options and that records are transferred in an expeditious manner to maintain continuity of benefits coverage.

j. Manage the use of developmental positions, assignments, and programs to create and maintain a sustainable workforce.

k. Develop adequate safeguards to review processes and procedures and ensure compliance with the provisions of this volume.

ENCLOSURE 3

PROCEDURES

1. EEO. NAF employers will comply with the EEO requirements of DoDD 1020.02 (Reference (e)) and DoDD 1440.1 (Reference (f)), as well as with section 2000ff et seq. of Title 42, U.S.C. (Reference (g)), which addresses the use of genetic information.

2. EMPLOYMENT CATEGORIES. NAF employees will be assigned to either a regular or flexible employment category.

a. The regular employment category is intended to facilitate recruitment and retention of a continuing, stable workforce. Regular employees have a regular work schedule that is scheduled in advance and is expected to continue for an extended period of time. Where the mission requires the temporary assignment of a regular category employee, time limitations may be established of not less than 1 year and no more than 5 years. Regular category employees will be further designated as having full-time or part-time work schedules.

(1) Regular full-time employees have a regular schedule of 35 to 40 hours per week. For employees on compressed work schedules the hours may be scheduled across the bi-weekly pay period.

(2) Regular part-time employees have a regular schedule of at least 20 hours per week.

b. Flexible employees are most appropriately used in positions that meet temporary or seasonal workforce needs, or where the work schedule fluctuates due to inconsistent workload. Flexible employees may be scheduled for 0 to 40 hours per week. Work may be scheduled in advance or on an as-needed basis. The flexible employment category is generally not appropriate for employees who work a regularly scheduled full-time work schedule on a continuing basis.

3. SUITABILITY REQUIREMENTS

a. Personnel Security. In accordance with DoD 5200.2-R (Reference (h)) and Volume 731 of DoDI 1400.25 (Reference (i)), determination of a position's sensitivity, security, suitability, and fitness requirements should be accomplished before filling a position, or when the duties or circumstances of the position change.

(1) Policies and procedures relating to suitability and fitness for federal employment will use consistent standards to the extent possible; provide for reciprocal recognition of existing investigations and favorable adjudications; and be cost-effective, timely, and provide efficient protection of the national interest.

(2) The Office of Personnel Management (OPM) Position Designation tool, found at <http://www.opm.gov/investigations/background-investigations/position-designation-tool/>, will be used in determining the proper level of investigation and screening required for positions based on an assessment of risk and national security sensitivity.

(3) Federal Information Processing Standard 201-2 (Reference (j)), OPM Memorandum (Reference (k)), DoDI 5200.02 (Reference (l)), and Volume 1 of DoD Manual 1000.13 (Reference (m)), outline the minimum investigative requirements for the issuance of a DoD common access card.

(4) All suitability adjudications for NAF positions designated as public trust must be made in accordance with Reference (i). Positions designated as national security positions must be investigated and adjudicated in accordance with Reference (h) and Reference (l). Fitness determinations for NAF positions that are not designated as a public trust or national security position will be made in accordance with established DoD Component policies.

b. Criminal History Background Checks on Individuals in Child Care Services

(1) DoDI 1402.5 (Reference (n)) establishes policy, assigns responsibilities, and prescribes procedures for criminal history background checks for all existing and newly hired individuals involved in the provision of child care services for children under the age of 18.

(2) The procedures outlined in Reference (n) allow the DoD to provisionally hire individuals before the completion of a background check; however, at all times while children are in the care of that provisionally-hired child care provider, that provider must be within sight and under the supervision of a staff person whose background check has been successfully completed.

c. Appeals In accordance with Reference (i), any applicant or appointee who is found unsuitable for employment in a NAF position may appeal the adverse suitability decision in accordance with the applicable DoD Component's NAF administrative grievance policies and procedures or negotiated grievance process.

d. Citizenship and Immigration Reform and Control Act Requirements

(1) In accordance with Public Law 99-603 (Reference (o)), employing civilian personnel offices within the United States (including Puerto Rico, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands) must complete United States Citizenship and Immigration Services Form I-9, "Employment Eligibility Verification," for all U.S. citizens and non-U.S. citizens at the time of hire. This process is required to document verification of the prospective employee's identity and authorization to be employed. In accordance with Office of Management and Budget Memorandum (Reference (p)), the employment eligibility of all new hires required to fill out the Form I-9 will be verified using the U.S. Citizenship and Immigration Services Employment Eligibility Verification Program (E-Verify) found at <http://www.uscis.gov>.

(2) The OPM Operating Manual (Reference (q)) requires that each prevailing rate employee be a U.S. citizen or a bona fide resident of one of the United States or the District of Columbia.

4. RECRUITMENT

a. Qualification Requirements

(1) Position qualification requirements must be based on factual job duties and established in a manner that encourages competition for the job with the goal of hiring the most qualified person available.

(2) Qualifications will include positive education requirements for positions where OPM or DoD Component guidance have determined that the duties of a position cannot be performed by an individual who does not have the prescribed minimum education.

(3) Conditions of employment must be treated separately from qualification requirements. Non-merit factors that can be obtained during a normal acclimation period will not be used as minimum qualification requirements.

b. Announcement

(1) Job announcements must include information to accurately describe the position and application process to job seekers. Announcements should include information on salary; pay plan-series-grade; open and close dates, with cutoff(s), if applicable; duties, qualifications; conditions of employment, and instructions explaining how to apply.

(2) Job announcements should be posted using methods that provide maximum visibility to a wide variety of job seekers.

c. Referral. Applicants for positions will be screened, and referral lists will be generated after the closing date of an announcement. For announcements where cutoff dates are specified, applicants who submit complete applications before a selected cutoff date may be referred before the final closing date of the announcement. For announcements that are open to solicit continuous collection of applications, the cutoff will be the date or dates when a request is made to fill the position.

d. Permanent Change of Station (PCS). DoD Components may offer payment of PCS costs for moves determined to be in the U.S. Government's interest in amounts not to exceed those prescribed by the Joint Travel Regulations (Reference (r)).

e. Mobility. DoD Components may require mobility as a condition of employment when a legitimate business reason exists. Applicants and employees should be clearly informed of mobility requirements in advance. DoD Components may use DoDI 1400.24 (Reference (s)) as a guide for the formation of a mobility program.

5. ADDITIONAL EMPLOYMENT CONSIDERATIONS

a. Employment of Relatives

(1) The employment, appointment, or promotion of relatives of public officials is prohibited by section 3110 of Reference (d) if the public official has appointment or promotion authority, or authority to recommend employees for appointment or promotion in the nonappropriated fund instrumentality (NAFI) where the relative seeks employment or is employed.

(2) A public official may prescribe regulations authorizing the temporary employment, in the event of emergencies resulting from natural disasters of similar unforeseen events or circumstances, of individuals whose employment would otherwise be prohibited by paragraph 5a(1) of this enclosure. These actions should be taken in the same manner as prescribed by part 310 of Title 5, Code of Federal Regulations (CFR) (Reference (t)). Where relatives are hired under such circumstances, extreme care must be taken to ensure the employment decision adheres to the principles of ethical conduct in section 2635.101 of Reference (t).

b. Age Restrictions

(1) Employment of Minors

(a) The DoD Component heads and NAF employers must ensure complete compliance with section 212 of Title 29, U.S.C. (Reference (u)), part 570 of Title 29, CFR (Reference (v)) and State child labor laws in order to protect young workers from employment that might interfere with their educational opportunities, or be detrimental to their health or well-being. When both State and federal child labor laws apply, the law setting the more stringent standard must be observed. Minors may not be given work declared to be hazardous by the Department of Labor in subpart E of Reference (v) or by State or local law.

(b) Employers may keep an age certificate or work permit on file for each minor employed, where available, to avoid unintentional violations.

(2) Dispensing, Serving, and Sale of Alcohol. In accordance with DoDI 1015.10 (Reference (w)), employees with responsibility to dispense alcohol will meet these criteria:

(a) In the United States, no person under 21 years of age may be employed to dispense, handle, or serve alcoholic beverages unless permitted by the laws of the State in which the installation is located. In such cases, the State minimum age laws may be followed.

(b) Outside the United States, no person under 18 years of age may be employed to dispense, handle, or serve alcoholic beverages. A higher serving age will be based on international treaties and agreements and on the local situation, as determined by the installation commander.

(3) Child Care Services. In accordance with DoDI 6060.02 (Reference (x)) all caregiving personnel must be at least 18 years of age at time of hire.

c. Off-Duty Military Personnel

(1) Enlisted personnel may be employed outside duty hours on an other than full-time basis. DoD Component heads will ensure that such employment will not create a conflict of interest or even the appearance of conflict of interest, and is consistent with section 2635.101 of Reference (t).

(2) Compensation for off-duty hours worked will be commensurate to that authorized in salary and wage schedules for civilian employees who perform similar duties and responsibilities.

(3) Active duty commissioned and warrant officers are prohibited from entering into an employer/employee relationship as a NAF employee.

d. Selective Service Registration. The requirements of section 3328(a) of Reference (d) are administratively extended to all individuals selected for a DoD NAF position. Any individual who was required to register with Selective Service and who is not registered or knowingly and willfully did not register before the requirement terminated or became inapplicable to the individual, will not be appointed.

e. Employment of Retired Members of the Military Departments

(1) Retired members of the Military Departments have a right to seek and to be considered for NAF employment within the DoD. Their employment is subject to the requirements of DoDI 1402.01 (Reference (y)).

(2) Retired members of the Military Departments may not be appointed to NAF positions in any DoD Component during the 180 days immediately following retirement, unless one of the conditions listed in Reference (y) is met. In accordance with Reference (y), DoD Component heads are authorized to approve these appointments. This authority may be re-delegated in writing as appropriate to meet operational and organizational needs.

(3) Any positions converted from military to civilian incumbency must meet the requirements of DoDD 1100.4 (Reference (z)).

f. Employment and Reemployment Rights of Members of the Military Departments

(1) Chapter 43 of Title 38, U.S.C., also known and referred to in this volume as the “Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA)” (Reference (aa)), provides protection and assistance to military veterans and members of the Reserve Components of the Military Departments. These include:

(a) Protection from discrimination in employment due to military obligations.

(b) Guarantee of prompt reemployment in their civilian jobs on return from military service.

(c) Protection of employment rights and benefits.

(d) Employment and reemployment assistance from the Department of Labor's Veterans' Employment and Training Service for any federal employee or applicant who requires it.

(2) The Department of Labor's USERRA advisor tool is available at <http://www.dol.gov> and provides information and assistance regarding administration of the law.

g. Employment of Individuals Who Have Received a Voluntary Separation Incentive Payment (VSIP). In accordance with Volume 1702 of DoDI 1400.25 (Reference (ab)), any individual who has received a VSIP and accepts any employment for compensation with the Federal Government, including any employment with a DoD NAFI, within 5 years after the date of the separation on which the payment is based, must repay the entire amount of the VSIP before the individual's first day of reemployment. A DoD employee who receives a buyout may not be reemployed for a 12-month period beginning on the effective date of the employee's separation.

h. Employment of Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) Annuitants. Individuals who retired under CSRS or FERS may be employed in a NAF position.

(1) If the NAF position provides retirement coverage, the individual may be covered by the NAF retirement plan, providing the individual did not previously elect, pursuant to sections 8347(r) or 8461(o) of Reference (d), to continue CSRS or FERS coverage based on an earlier move to a NAF position.

(2) Individuals who previously elected to remain in a civil service retirement plan pursuant to 8347(r) or 8461(o) of Reference (d), and who later retired under that retirement plan, will be considered a reemployed CSRS or FERS annuitant if hired into a NAF position.

(a) The reemployed annuitant will be subject to the policies and procedures established in Volume 300 of DoDI 1400.25 (Reference (ac)).

(b) The reemployed Civil Service annuitant may not participate in a NAF retirement plan on appointment to a NAF position.

(3) Individuals who have not had an earlier opportunity to elect to remain in CSRS or FERS on a move to a NAF retirement-covered position, must be given an opportunity to make a retirement portability election pursuant to 8347(r) or 8461(o) of Reference (d) to either remain in CSRS or FERS or to join the applicable NAF retirement plan. Portability of benefits retirement election regulations in part 847 of Reference (t) apply. If the individual elects not to retain CSRS

or FERS coverage as a NAF employee, he or she is not treated as a reemployed annuitant and may participate in the applicable NAF retirement plan. If the individual elects to remain in CSRS or FERS as a NAF employee, he or she is treated as a reemployed CSRS or FERS annuitant.

i. Employment of NAF Annuitants. DoD Component NAF retirement plan rules and hiring policy apply in the re-hire of individuals who are receiving an annuity from a NAF retirement plan.

j. Personal Services Contracts. Personal services or other contracts that create an employer/employee relationship between the DoD and an individual in accordance with Volume 13 of DoD 7000.14-R (Reference (ad)) will not be used to acquire personal services that are required on a continuing basis. Such positions must be filled through NAF employment using the hiring procedures outlined in this volume. This does not preclude NAFIs from obtaining sporadic temporary personal services through proper contracting procedures and in accordance with Reference (ad). Part 300 of Reference (t) provides guidelines for determining acceptable practices.

6. PRIORITY CONSIDERATION AND PREFERENCE IN HIRING

a. Applicants will be afforded priority consideration or preference in hiring based on the factors outlined in this instruction. The order in which consideration and preference will be applied is shown in the Table.

Table. Order of Precedence in Hiring

1	NAF Reemployment Priority Lists (RPL) – priority placement at installation where separated
2	Military Spouse Preference (MSP)
3	Involuntarily and Certain Voluntarily Separated Service Member Preference
4	Family Member Preference (foreign areas only)
5	NAF RPL – priority consideration within commuting area
6	Veteran’s Priority Consideration
7	Applicants who do not fall into one of the categories above, and therefore do not have a hiring preference.

b. DoD Components will develop specific procedures to be followed to ensure that applicants are informed of any documentation that they must provide in order to receive any preference or priority to which they are entitled.

c. Documentation of priority consideration and preference should be accomplished in accordance with established component policies and procedures.

(1) Referral lists should clearly identify which applicants are eligible for priority consideration or preference.

(2) Applicant documentation related to their eligibility for hiring preference or priority consideration will be retained along with application documents.

(3) Documentation of the decision to bypass an applicant who qualifies for preference or priority consideration must be retained in accordance with DoD Component records management procedures.

d. Preferences and priority considerations are applied as in this way:

(1) NAF RPL

(a) In accordance with Volume 1471 of DoDI 1400.25 (Reference (ae)), NAF employees who have been separated by business based action (BBA) will have priority placement in the NAF activity from which separated and priority consideration rights at other NAF activities in the same commuting area. A separated employee can remain on the RPL until reemployed, but not longer than 1 year from the date of his or her separation.

(b) Selection of an individual from the RPL is a noncompetitive recruitment action.

(2) MSP

(a) MSP is applied in accordance with Volume 315 of DoDI 1400.25 (Reference (af)). Spouses of active duty military members of the Military Services are afforded hiring preference for NAF payband (NF) positions graded at NF-3 and below, positions in the child and youth payband system, and crafts and trades positions. Preference applies to any of the above defined positions that are open to competition in accordance with merit staffing practices. The spouse must have been married to the military sponsor before reporting at the new duty station.

(b) Preference is given for each PCS move until such time as the spouse:

1. Accepts or declines a continuing position without time limits (other than exceptions stated in paragraph 6d(2)(c) in this enclosure);

2. Fails to maintain eligibility in accordance with Reference (af);

3. Is no longer eligible for appointment in accordance with the pertinent authority; or

4. Is no longer interested in being referred.

(c) Military spouses eligible for MSP may accept or decline an unlimited number of time-limited or flexible employment category positions without loss of their preference except that, on acceptance of a time-limited appointment, the spouse's eligibility for preference for other non-continuing positions will be suspended until 60 days before the expiration of the appointment. Eligibility for other non-continuing positions is not affected by acceptance of a permanent appointment to a position with an intermittent work schedule or any position for which the employment category is identified as flexible.

(d) MSP is not applicable for a PCS move that is in conjunction with the retirement or separation of the military member.

(3) Involuntarily and Certain Voluntarily Separated Service Member Preference

(a) Preference for involuntarily and certain voluntarily separated Service members applies to Service members and their dependents, when the Service members were on active duty on September 30, 1990, and when the Service members were involuntarily separated under honorable conditions on or after October 1, 1990 in accordance with the provisions outlined in chapter 58, section 1143 (d) of Title 10, U.S.C. (Reference (ag)).

(b) Preference is given for 1 year and may be used until a position is accepted or until the applicant declines a valid offer of employment in a continuing position.

(c) Eligibility for this preference is identified by possession of a DD Form 1173, "Uniformed Services Identification and Privilege Card" over-stamped with "TA."

(d) MSP has priority over this preference.

(4) Family Member Preference in Foreign Areas. Family members of members of the military and of civilian employees, as defined by Volume 1232 of DoDI 1400.25 (Reference (ah)) will be given preference for NAF positions filled through competition and when permitted by status of forces agreements, country-to-country agreements, and applicable treaties.

(5) Veteran's Priority Consideration

(a) Qualified applicants who meet the criteria outlined in section 2108 (3) and (4) of Reference (d) are eligible for priority consideration for DoD NAF positions.

(b) Veteran's priority consideration does not apply to in-service placement actions and does not provide consideration ahead of MSP, involuntarily and certain voluntarily separated Service member preference or family member preference in foreign areas.

7. MOVEMENT BETWEEN NAF POSITIONS

a. Reinstatement. Any NAFI may reinstate a former employee regardless of which DoD NAFI previously employed the individual. Reinstatement may be noncompetitive when it is to a

position at the same or lower grade or payband level as the position that the individual previously held.

b. Transfer. A transfer of NAF employees between installations or NAFIs without a break in service may be noncompetitive when the movement is to a position at the same or lower grade or payband level. Leave and benefits will be handled in accordance with Volumes 1406 and 1408 of DoDI 1400.25 (References (ai) and (aj)), respectively.

c. Promotion

(1) Promotion of NAF employees may occur on a permanent or temporary basis.

(a) Permanent promotions and temporary promotions that will last for more than 180 days must be made in accordance with merit principles.

(b) Qualified individuals may be temporarily promoted for a period of 180 days or less on a noncompetitive basis.

(2) For promotions that are taken as a result of an employee fulfilling the requirements of a developmental position, merit procedures are considered to be fulfilled by the competition that took place for the initial appointment to that position.

d. Detail

(1) NAF employees may be detailed to a position or set of duties different from the employee's regular assignment, including higher or lower graded positions. Merit promotion procedures will be used for details to a higher grade or payband for more than 120 days. The employee's permanently encumbered position will be used for pay and benefits purposes and a detail to a lower-level position or set of duties will not adversely affect the employee's salary, classification, or job standing.

(2) An employee may not be detailed to a higher grade for more than a combined total of 120 days in any 12-month period without competition.

(3) NAF employees may not be detailed to positions or to perform duties where use of NAF funding is not authorized, as determined by DoDI 1015.15 (Reference (ak)).

e. Employment in Multiple Positions

(1) NAF employees may hold more than one position so long as they do not violate the dual compensation provisions in Volume 1405 of DoDI 1400.25 (Reference (al)) or section 2635.101 of Reference (t).

(2) When the positions that an employee holds are with different DoD Components, or different NAFIs within a DoD Component, the supervisors will coordinate to determine which

position is the employee's primary position and will coordinate with respect to work schedules, benefits, and disciplinary matters.

(3) If an employee is employed by more than one DoD Component or NAFI and a waiver to the dual compensation provisions is granted in accordance with a DoD Component's policies, the waiver will be coordinated with all employing NAFIs.

8. MOVEMENT BETWEEN NAF AND APF POSITIONS

a. DoD and OPM Interchange Agreement. Consistent with section 2105(c)(1)(D) of Reference (d), OPM and the DoD entered into an agreement entitled, "Agreement for the Movement of Personnel Between the Civil Service System and the NAF System in DoD." This agreement (as shown in the Figure at the Appendix to this enclosure) permits federal agencies to noncompetitively appoint NAF employees to career or career-conditional competitive service appointments subject to the conditions stated in the agreement.

b. Conversions Under Uniform Funding and Management (UFM)

(1) DoD Components may offer employees the ability to convert from their APF position to a directly equivalent NAF position in accordance with the UFM provisions as outlined in Reference (ak). Conversions must be requested by the employee on a voluntary basis, without coercion.

(2) Conversions under UFM must take place without a break in service and the employee must move to an equivalent NAF position at the same pay rate unless applicable pay setting rules dictate a different rate of pay. Benefits provisions as outlined in Reference (aj) will apply.

c. Deployment of NAF Employees. In accordance with Volume 1412 of DoDI 1400.25 (Reference (am)), NAF employees may be used to support deployment operations in foreign areas. NAF employees who volunteer for APF positions in deployed locations have these options:

(1) The employee may remain on the NAF rolls in a leave without pay (LWOP) status and be appointed to the APF position. All normal NAF LWOP provisions, as outlined in References (ai) and (aj) will apply; or

(2) The employee may resign the NAF position and be appointed to the APF position without a break in service of 3 days or less. All NAF to APF portability provisions, as outlined in References (ai) and (aj), will apply.

9. PROBATIONARY PERIOD

a. Initial Probationary Period. A probationary period during which ability and fitness for the job is observed applies to DoD NAF employees when employed in a regular position without

time limits. The probationary period may last up to 1 year during which the employee may be separated if management determines the employee's work performance or conduct has failed to demonstrate the necessary fitness or qualifications for continued employment. Affected employees will be given written notice as to the reasons for the separation and the effective date of the action. Probationary periods do not apply to employees who have already completed a probationary period in a NAF position in the same field of work with any of the DoD Components, so long as there is not a break of service of more than 1 year.

b. Supervisory Probationary Period. An employee is also required to serve a 1-year probationary period on initial appointment to a supervisory or managerial position. If an employee's initial appointment is in a supervisory capacity, his or her supervisory probationary period will be concurrent with the initial probationary period. An employee who does not satisfactorily complete the supervisory probationary period will be returned to a position no lower in grade or payband and pay than the DoD NAF position from which the individual was transferred, assigned or promoted before appointment to the supervisory or managerial position. Such action is not considered a disciplinary action.

10. SUPERVISION. There is no legal prohibition against the supervision of DoD APF employees or active duty members of the military by a DoD NAF employee.

11. EMPLOYEE RECORDS MANAGEMENT

a. General. Employee records and files will be kept and maintained in accordance with DoDI 5015.02 (Reference (an)) and with the National Archives and Records Administration General Records Schedule. Proper records will be maintained on all employees, including all official personnel documents generated during an employee's service, using part 293 of Reference (t) as a guide. Subpart E of part 293 of Reference (t) provides guidance for establishing and maintaining employee medical files.

b. Electronic Records. Electronic records management, transfer, and disposition should be performed in accordance with the same policies and guidelines that govern paper records. The National Archives and Records Administration has also released guidance regarding the management of electronic records through their electronic government (E-Gov) initiative.

c. Disposition. Records disposition will be performed by NAF employers in accordance with their DoD Component's records disposition schedule as approved by the National Archives and Records Administration. When a separated employee is employed in another federal position, his or her personnel folder will be forwarded to the new employer on request.

d. Access. Employees' right to review their records and the protection of their privacy will be in accordance with DoDD 5400.11 (Reference (ao)). To expedite requests for information on retirement benefits or personnel data, the DoD Components will advise separating employees, in writing, regarding the storage and disposition of their employment records.

e. Merged Records. OPM-designated folders, Standard Form 66-C, “Merged Records Personnel Folder” and Standard Form 66-D, “Employee Medical Folder,” will be used to retain the personnel and medical records of employees who have moved between civil service and NAF positions within the DoD pursuant to section 7202 of Public Law 101-508 (Reference (ap)). Ownership, maintenance, and retention of NAF records in merged records personnel folders and employee medical folders for such employees are governed by the Memorandum of Understanding (Reference (aq)) and OPM Operating Manual (Reference (ar)).

f. Personnel Accountability. Emergency contact information for NAF employees will be collected and recorded in accordance with DoDI 3001.02 (Reference (as)). Emergency contact information must be reviewed and validated by all DoD NAF employees annually, at a minimum.

Appendix
DoD/OPM Interchange Agreement

APPENDIX TO ENCLOSURE 3

DoD AND OPM INTERCHANGE AGREEMENT

Figure. Agreement for the Movement of Personnel Between the Civil Service System and the NAFI System in DoD

U.S. OFFICE OF PERSONNEL MANAGEMENT

NOTICE AND POSTING SYSTEM

Notice No: Provisional 315-1 Washington, DC 20415


Date: August 15, 1994

Notice of OPM Policy Information

AGENCIES: THIS NOTICE PROVIDES ADVANCE POLICY INFORMATION RELATIVE TO PERSONNEL INTERCHANGE AGREEMENTS.

Heads of Departments and Independent Establishments:

1. OPM has approved amendments to two agreements permitting movement of personnel between excepted service agencies and the competitive civil service.
2. Department of Defense Nonappropriated Fund Instrumentalities (NAFI). The interchange agreement, originally approved on September 21, 1991, for a 3-year period, has been extended indefinitely. Please remember that eligible NAFI employees may be appointed in any agency and receive credit for their NAFI service toward career tenure. However, NAFI service may be credited for other purposes only if the employees move within the Department of Defense without a break in service longer than 3 days. Otherwise, NAFI pay may not be used as an employee's highest previous rate, leave accrued during NAFI service may not be transferred, and NAFI service may not be credited toward leave accrual, retirement or service computation date for reduction in force.
3. Nuclear Regulatory Commission (NRC). The interchange agreement has been amended to cover both current NRC employees and NRC employees who are appointed noncompetitively within 1 year following an involuntary separation without personal cause. Coverage of NRC's interchange agreement is now identical to that of all other interchange agreements.
4. Agencies may consider NRC and NAFI employees for noncompetitive appointments in accordance with the instructions provisionally retained in section 6-2 of FPM Chapter 315. This information will be included in an appropriate information issuance after that chapter is terminated on December 31, 1994.


Lorraine A. Green
Deputy Director

Distribution: Former Basic FPM

Inquiries: Staffing Reinvention Office, Career Entry Group
(202) 606-0830 or FAX (202) 606-2329

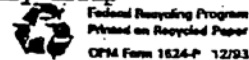


Figure. Agreement for the Movement of Personnel Between the Civil Service System and the NAFI System in DoD, Continued



OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20416

DEC 13 1993

Mr. Thomas F. Garnett, Jr.
Director, Workforce Relations
(Civilian Personnel Policy/
Equal Opportunity)
Office of the Assistant Secretary
(Personnel and Readiness)
Department of Defense
Washington, DC 20301-4000

Dear Mr. Garnett:

We have approved your request for indefinite extension of the interchange agreement permitting movement of employees between the nonappropriated fund instrumentalities (NAFI) of the Department of Defense (DOD) and the competitive civil service. The agreement was established September 21, 1991, for a 3-year period.

The 3-year limit was intended to allow DOD time to develop new policies for non-disciplinary adverse actions and reduction in force for NAFI employees. We could not approve an interchange agreement without time limit while such a key part of the NAFI personnel system was changing. We have reviewed your revised policy directive and find that it will afford NAFI employees due process rights and safeguards against arbitrary actions comparable to those available in the competitive service.

This letter is DOD's authority to continue to use the agreement, indefinitely. We will notify other agencies of this extension and of NAFI employees' continuing eligibility for noncompetitive appointments.

Sincerely,



Lorraine A. Green
Deputy Director

Figure. Agreement for the Movement of Personnel Between the Civil Service System and the NAFI System in DoD, Continued

AGREEMENT FOR THE MOVEMENT OF PERSONNEL
BETWEEN THE CIVIL SERVICE SYSTEM AND
THE NONAPPROPRIATED FUND INSTRUMENTALITY (NAFI)
SYSTEM IN THE DEPARTMENT OF DEFENSE

In accordance with the authority provided in Section 6.7 of the Civil Service Rules, and pursuant to the following agreement with the Department of Defense, employees serving in Nonappropriated Fund Instrumentalities (NAFI) of the Department may be appointed to positions in the competitive civil service, and employees serving in positions in the competitive civil service may be appointed to NAFI positions, subject to the following conditions:

1. Type of appointment held before movement.

To be eligible for movement under this agreement, employees must be currently serving under a competitive career or career-conditional appointment or under a NAFI appointment or have been involuntarily separated from such appointment without personal cause within the preceding year. NAFI employees must be or have been serving in continuing NAFI positions under appointments without time limits.

2. Qualification requirements.

NAFI employees must meet the qualification standards and requirements for the positions to which they are to be appointed in accordance with OPM established regulations for transfer of employees within the competitive service. Employees in the competitive service must meet the regular standards and requirements established by DOD for appointment to NAFI positions.

3. Length of service requirement.

NAFI employees must have served continuously for at least 1 year in NAFI positions before they may be appointed to positions in the competitive civil service under the authority of this agreement. Employees in the competitive civil service must have completed the 1-year probationary period required in connection with their career or career-conditional appointments in the competitive service before they may be appointed to NAFI positions, without serving a trial period, under the authority of this agreement.

Figure. Agreement for the Movement of Personnel Between the Civil Service System and the NAFI System in DoD, Continued

- 2 -

4. Selection.

NAFI employees may be considered for appointment to positions in the competitive civil service in the same manner that employees of the competitive service may be considered for transfer to such positions. Employees in the competitive service may be considered for appointment to any NAFI position on the basis of their qualifications.

5. Type of appointment granted after movement.

NAFI employees who are appointed to competitive positions under the terms of this agreement will have career or career-conditional appointments, depending upon whether they meet the 3-year service requirement for career tenure. The service which commences with a permanent NAFI appointment will be accepted toward meeting the competitive service requirement. Employees of the competitive service who are appointed to NAFI positions under the terms of this agreement will receive appointments without time limit under DOD Directive No. 1401.1-M.

6. Probationary and trial periods.

Employees appointed under this agreement, who have previously completed a probationary or trial period, will not be required to serve a new probationary or trial period.

7. Status.

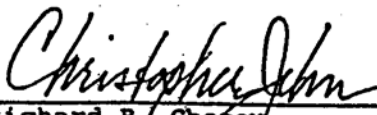
NAFI employees who are appointed in the competitive civil service under the terms of this agreement will receive competitive civil service status. Thereafter, such employees will be entitled to the benefits and privileges provided by the Civil Service Rules and by OPM's regulations and instructions for persons having competitive civil service status. Employees of the competitive civil service who are appointed to NAFI positions under the terms of this agreement will have whatever privileges are normally provided to persons who initially receive appointments, under DOD Directive No. 1401.1-M, to continuing NAFI positions.

Figure. Agreement for the Movement of Personnel Between the Civil Service System and the NAFI System in DoD, Continued

- 3-

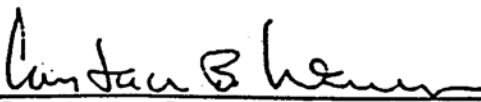
8. Effective date.

This agreement becomes effective 30 days from the date on which it is signed by both parties and shall expire, unless renewed, 3 years thereafter. The agreement may be terminated prior to its expiration date 30 days following notice from the Department of Defense or OPM and may be modified at any time with the mutual consent of the Department of Defense and OPM.



Richard B. Cheney
Secretary of Defense

21 Aug 1991
(Date)



Constance Berry Newman
Director
Office of Personnel Management

11 April 1991
(Date)

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

APF	appropriated fund
ASD(R&FM)	Assistant Secretary Of Defense For Readiness and Force Management
BBA	business-based action
CFR	Code of Federal Regulations
CSRS	Civil Service Retirement System
DASD(CPP)	Deputy Assistant Secretary Of Defense For Civilian Personnel Policy
DoDD	Department of Defense Directive
DoDHRA	Department of Defense Human Resources Activity
DoDI	Department of Defense Instruction
E-Gov	electronic government
EEO	equal employment opportunity
FERS	Federal Employees Retirement System
LWOP	leave without pay
MSP	military spouse preference
NAF	nonappropriated fund
NAFI	nonappropriated fund instrumentality
OPM	Office of Personnel Management
PCS	permanent change of station
RPL	reemployment priority list
TA	Transition Assistance
U.S.C.	United States Code
UFM	Uniform Funding and Management
USD(P&R)	Under Secretary of Defense For Personnel And Readiness
USERRA	Uniform Services Employment and Reemployment Rights Act of 1994
VSIP	voluntary separation incentive payment

PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purposes of this volume.

APF. Defined in section 010202 of Reference (ad).

BBA. Defined in Reference (ae).

child care services. Defined in Reference (n).

commuting area. Defined in Reference (af).

conditions of employment. Conditions of employment are personnel policies, practices, and matters, whether established by rule, regulation, or otherwise, affecting working conditions. These conditions may include items such as licenses, clearances, shift availability, travel, and working conditions.

detail. A detail is a temporary assignment of an employee for a specified period, to a position or set of duties different from the employee's regular assignment, including higher or lower graded positions, with the employee returning to the regular assigned duties at the end of the detail.

flexible employment category. One of the two employment categories applicable to NAF positions and employees. This employment category is typically used for positions requiring fluctuating work schedules.

managerial position. Defined in section 315.902 of Reference (t).

NAF. Defined in Reference (ak).

NAF employee. Defined in section 2105(c) of Reference (d).

NAFI. Defined in Reference (ak).

priority consideration. An applicant eligible for a priority consideration who applies for a vacancy and is determined to be qualified, is accorded increased priority and order of selection on a referral list. Priority consideration does not create an obligation to hire; however, component policies may require justification of non-selection.

promotion. The movement of an employee to position in a higher grade or payband level.

public official. Defined in section 3110 of Reference (d).

regular employment category. One of the two employment categories applicable to NAF positions and employees. This employment category is typically used for positions requiring regular and recurring work schedules and continuing employment.

reinstatement. The re-hire of a former DoD NAF regular category employee.

relative. Defined in section 3110 of Reference (d).

supervisory position. Defined in section 315.902 of Reference (t).

transfer. Movement of an employee without a break in service between DoD NAFIs.